

THE ROUND TABLE

A Quarterly Review of

BRITISH COMMONWEALTH AFFAIRS



Contents of Number 196

THE CHOICE FOR AFRICA
LAW AND LIBERTY IN SOUTH AFRICA
THE TORY YEARS
PAN-AFRICANISM
RUSSIA AND CHINA AS TRADERS
MR. DE VALERA'S FAILURE
A MIDDLE-OF-THE-ROAD PRESIDENT
COMMUNISM IN THE U.K. TRADE UNIONS

And Articles from Correspondents in
UNITED KINGDOM IRELAND INDIA PAKISTAN
CANADA SOUTH AFRICA AUSTRALIA NEW ZEALAND

September 1959

Price 7s. 6d.

By Air Mail Ten Shillings

The Editor regrets that, owing to the prolonged dispute in the printing industry, publication of this issue of THE ROUND TABLE has been seriously delayed.



THE ROUND TABLE is a co-operative enterprise conducted by people who dwell in the different parts of the British Commonwealth, and whose aim is to publish once a quarter a comprehensive review of imperial politics, free from the bias of local party issues. To this is added a careful and impartial treatment of outstanding international problems that affect the nations of the Commonwealth. The affairs of THE ROUND TABLE in each portion of the Commonwealth are in the hands of local residents, who are responsible for all articles on the politics of their own country. It is hoped that in this way THE ROUND TABLE serves to reflect the current opinions of all parts about imperial problems, and at the same time to present a survey of them as a whole, in the light of changing world conditions.

THE ROUND TABLE, which appears every March, June, September and December, can be obtained through any bookseller or through:

GREAT BRITAIN, IRELAND, SOUTH AFRICA, AND THE UNITED STATES: THE ROUND TABLE, LTD., 15 Ormond Yard, Duke of York Street, London, S.W. 1.

CANADA: H. W. Macdonnell, 1404 Montreal Trust Building, 67 Yonge Street, Toronto, Ontario.

AUSTRALIA: Angus & Robertson, Ltd., 89-95 Castlereagh Street, Sydney, and 66-68 Elizabeth Street, Melbourne.

NEW ZEALAND: The Secretary, THE ROUND TABLE, G.P.O. Box No. 877, Wellington.

Any would-be reader of THE ROUND TABLE who has difficulty in obtaining it through his usual bookseller is requested to write at once to the nearest of these addresses.

The price of THE ROUND TABLE is 7s. 6d. or \$1.25 per copy, and the annual subscriptions (including postage) 30s., in U.S.A. and Canada \$5. There is an air edition at 10s. or \$2.50 per copy, or 40s. or \$10 per annum. The air edition is sent by air freight to Australia and New Zealand: the annual subscription is 35s. sterling.

Covers for binding volumes may be obtained at the price of 3s. 6d. from THE ROUND TABLE, Ltd., London, who will also supply back numbers of THE ROUND TABLE, if stocks allow. A limited number of copies of the Index and Title-page are annually available, free of charge, to those subscribers who bind THE ROUND TABLE, and may be obtained on application to any of the above agents, or to THE ROUND TABLE, Ltd., 15 Ormond Yard, Duke of York Street, London, S.W. 1.

PERMISSION TO REPRINT

For permission to reprint matter that has appeared in THE ROUND TABLE application should be made to the Editor, 15 Ormond Yard, Duke of York Street, London, S.W. 1, or, in Canada and New Zealand, to the Hon. Secretaries of THE ROUND TABLE Groups whose addresses are given above.

THE ROUND TABLE

A QUARTERLY REVIEW OF
BRITISH COMMONWEALTH AFFAIRS

CONTENTS

	PAGE
The Choice for Africa	327
Law and Liberty in South Africa	331
The Tory Years	336
Pan-Africanism	345
Russia and China as Traders	351
Mr. de Valera's Failure	361
A Middle-of-the-Road President	365
Communism in the U.K. Trade Unions	372
United Kingdom: Towards the Polls	376
Ireland: Grave Economic Problems	388
India: The Dragon Apparent	392
Pakistan: Towards a Constitution	401
Canada: The Ins and the Outs	405
South Africa: Dr. Verwoerd's Session	412
Australia: Federal-State Financial Relations	417
New Zealand: A Substantial Recovery	426

No. 196

September 1959

Price 7/6

By air mail 10/-

London: THE ROUND TABLE, LTD.

THE CHOICE FOR AFRICA

IMPLICATIONS OF THE DEVLIN REPORT

MUCH of the discussion in England on the Devlin Report has turned on the contention that the Government and Parliament were bound to accept it in its entirety as a final judgment on the conduct of the Governor of Nyasaland, and the Colonial Secretary who supported him, in meeting the threat of violence last March. It is not a contention with which THE ROUND TABLE is in sympathy.

Any Government which appoints a Commission to inquire into events after they have occurred may be expected to show special care in the choice of its members and to give full consideration to any conclusions they may reach. It must not be surprised to meet criticism but is not obliged to accept its validity. The report of a Commission, in short, has no affinity with a verdict of a supreme court and can do nothing to relieve a Government of its responsibility to Parliament for governing as it thinks right.

The Devlin Commission was presided over by one of the ablest members of the judiciary, and his three colleagues were men of distinction in their separate walks of life. Their weakness as a body was that only one of the four members had ever borne the responsibility of government in a relatively primitive society, a responsibility involving, as it may in a crisis of civil disorder, the need to make a quick decision in a matter of life and death. But if the unfamiliarity of the subject is remembered, if it is reflected that the Commission had to examine witnesses, many of them illiterate Africans, speaking through interpreters weeks after the urgency of the troubles had subsided, what is surprising is not that the Report contains passages in which opinions are confused with facts established by evidence, but that it brought out in unmistakeable terms the crux of the whole affair. In the Commons debate Sir John Smyth, V.C., rightly emphasized as the cardinal feature of the Report itself, that

it makes quite clear that both the Colonial Secretary and the Governor acted with only one end in view throughout, which was to ensure the safety of the people of Nyasaland, black and white, and the maintenance of order and responsible government.

Sir Robert Armitage, as the Report again says, had to act or abdicate; he did act, and in consequence bloodshed was kept within limits and order was restored. The Commissioners agree that he was justified in declaring a state of emergency—with all that necessarily followed in respect of suspension of normal liberties and rights.

Nothing matters in comparison with this vindication. It does not matter that the Governor and the Colonial Secretary were proceeding, in the

Commissioners' view, upon an exaggerated estimate of the source of the threat with which they had to cope. There may have been, as the Report concludes, no such "murder plot" as the Governor believed. Dangerous violence can break out without any deep-laid plan of massacre. It may even be contrary to the plan—Gandhi's philosophy of non-violent resistance often issued in violent effects. It was with the potential effects that Sir Robert Armitage was concerned.

It matters only in a secondary degree that freedom of speech should be restrained. The language used in the African National Congress was manifestly the moving force towards insurrection, and so long as such inflammatory words were tolerated, there or outside, the situation might quickly pass out of control.

In comparison with the danger of anarchy it does not even matter that some fundamental liberties rightly dear to all Englishmen had to be suspended—and notably the liberty of Dr. Hastings Banda. Dr. Banda is a man of education and of a certain attraction. It is scarcely too much to say that he captivated the Commissioners, who gave him the benefit of every doubt. Nevertheless they say:

The real case against Dr. Banda is not that he ever advocated disobedience—we shall examine his speeches during the period under review and we do not think that he ever did—but that he refused to realize that disobedience was the inevitable consequence of what he was saying and doing.

Many who have known Africa better and Dr. Banda longer will think this judgment over-charitable. It is true that, as an elder of the Church of Scotland who has spent most of his active life practising medicine in Liverpool, Tynemouth and Willesden, he may be partly excused as not being in intimate *rapport* with his native Nyasaland. He does not speak its vernacular, and it is arguable that his interpreters were partly responsible for the provocative effects of his oratory. Nevertheless, Dr. Banda is a highly intelligent person, and it must be presumed that he understands the consequences likely to flow from his words.

He has indeed suffered what would in settled times be an undoubted legal wrong. He was arrested; he was not charged or put on trial; he remained in custody after the outbreak of violence had been repressed. There has undoubtedly been an interference with the liberty of the subject—more than one liberty, for freedom of speech is also involved. But that is in the nature of emergency powers. The liberties of the subject are very nearly sacrosanct in British political thought—but not quite. They are all necessarily limited at the point where their exercise endangers the security of the State; for it is on the State that all liberties depend for protection. As an eminent jurist, the late Professor Brierly, used to say, our familiar phrase "law and order" inverts the logical priority: order necessarily precedes law, for without order law cannot begin. The Governor judged that with Dr. Banda at large there could be no certainty of maintaining order in Nyasaland; therefore ultimately no law and no liberty. That principle justified the arrest of Dr. Banda, and still justifies his detention. For the emergency continues.

Nationalism versus Partnership

THE emergency continues because the passions that have been aroused in Nyasaland derive from a fundamental conflict of thought, which may come to its crisis in Central Africa, but concerns the whole continent. On the one side stand those who hold that the sole hope of economic and therefore political progress for the narrow strip of territory called Nyasaland lies in federal union with its stronger neighbours, the two Rhodesias. The British Government in 1953 were so firmly convinced of the truth of this proposition that they felt justified in imposing federation against the wishes of the large majority of the inhabitants of Nyasaland. On the other side Dr. Banda and the Congress have raised the cry of "freedom at any price", freedom meaning complete self-government for Nyasaland on a basis of universal suffrage, and the price being political and economic isolation.

It must be frankly recognized that in maintaining the cause of federation against the simplicity of this cry for self-determination, we are likely to find ourselves for a long time swimming against the tide of mass opinion in the world. African nationalism is riding the flood. The emergence of Ghana as a sovereign negro state has caught the popular imagination far and wide; it has made its impact on such diverse minds as those of the Church of Scotland and General de Gaulle. If the dogma of "one man one vote" is proclaimed against any version of "colonialism", American sentiment automatically rallies to that side; so does Asian.

And yet it must be maintained that nationalism, which has devastated Europe, is not the panacea for the future of Africa. There are regions in the Commonwealth where it will prevail without a rival. Ghana, comparatively homogeneous, is the most obvious of these; in Nigeria it has to be modified by some federal adaptation to the stresses of a plural society. White nationalism tightens its grip every year upon the Union; and, if contrary to all probability, *apartheid* succeeds in consolidating a viable form of "Bantustan", further black nationalisms will crystallize out of the present unstable amalgam.

But that is the way of denial of the cosmic movement of the age, which is towards ever closer interchange between the races of the world; it is the way of mutual defiance, the way ultimately of war. An iron curtain in Africa will not preclude the catastrophe.

Against the racist concept of African nationalism the Federation of Rhodesia and Nyasaland sets the principle of partnership between the races, who thus become sharers in a nationalism which transcends race; but it has yet to gain general recognition of the idea over the whole of its territories.

To persuade Africans in Northern Rhodesia and particularly in Nyasaland that the way of co-operation with the white man is the hope of their future is the task for statesmanship, and mainly for statesmanship on the spot; for it means essentially the establishment of a confidence that does not yet exist in the benevolent intentions of men who will still be there when Colonial Office protection is withdrawn. As the all-party parliamentary delegation reported in January 1958, the fear that the African peasant's land is threatened by the covetousness of the white settler is at the root of African distrust, and it will not be eradicated merely by the existence of the legal safeguards

embodied in the federal constitution. The settlers have to allay that fear and other apprehensions by evidence of their good will; and the process will take time, because the men, like Dr. Banda and his Congress associates, who now have the ear of Africans, are working on the other side. They are not interested in the future of a multi-racial society, but in African self-sufficiency, even if it means poverty and a falling away from the cultural standards that they in their own persons have assimilated. The time required to give the ideal of partnership its chance against the storm of nationalist propaganda implies delaying full dominion status for the Federation beyond the date of the forthcoming constitutional review: this is now accepted by the leaders of the Rhodesian white community.

The danger is that time may be denied to the statesmanship of the Rhodesias by political movements outside their control. For five years Mr. Lennox-Boyd has stoutly maintained and advanced the cause of racial partnership in Africa. Dr. Banda and his sympathizers have openly placed their hopes in the return of the Labour Party to power at Westminster, which they have been given some encouragement to believe will lead to Mr. Lennox-Boyd's replacement at the Colonial Office by a Minister prepared to surrender every position that nationalism claims. Since the Imperial Parliament is still sovereign over the Rhodesias, it would be legally possible for a Labour majority in the House of Commons to decree the removal of Nyasaland from the Federation, or even the dissolution of the Federation into its three component parts. To do so would be to abandon an enterprise to which the most forward-looking minds in the Rhodesias, African as well as European, have devoted their aspirations; and the affront might have dangerous consequences. Rhodesians could in some circumstances be provoked to the point of defying Whitehall authority.

The parliamentary debates on the Devlin Report were confused by too many side-issues for the fundamental conflict between partnership and nationalism to be clearly posed, though it underlay every argument. Colonial policy is never likely to be a primary issue in a British general election; but more voters probably give it some thought today than for many years past; and it is to be hoped that in the coming contest the positions of both parties in the great issue will be made abundantly clear. It should be in the interest of the Conservatives to keep it near to the foreground, for their record in Africa over the past five years is good, and it is probable that the bulk of the electorate believes that British influence, in the age of emancipation as in that of paternal rule, has still a decisive part to play in shaping the African future. It is on the principle of partnership that the continuance of this influence now depends. If partnership is allowed to fail in the Federation, the repercussions throughout Africa may be disastrous.

How the principle of partnership should be translated into a form of franchise and representation that will work is the political challenge of the time, both in Central and East Africa.

LAW AND LIBERTY IN SOUTH AFRICA

TOWARDS A POLICE STATE

IN the late days of February the news was widely featured in the South African press that a woman student at the University of the Witwatersrand, Johannesburg, had been receiving a payment of £5 a month from the Security Branch of the Police in order to inform on her fellow students. It was reported that she had been taken to task by members of the Students Representative Council of the University, and had made a confession.

This is not an isolated instance. A similar case was unearthed at Rhodes University at Grahamstown last year and it appears to be endemic at the University College of Fort Hare. At no stage have these activities of the "Special Branch" been categorically denied. On the contrary, in the case immediately before us they have been admitted and justified and, while the Minister of Justice has declined to offer any apology or to make any detailed statement about the espionage, he has been righteously indignant at the action of the Students Representative Council in getting a confession out of the girl; and the Special Branch raided the Representative Council's office and various other premises in order to try to obtain the tape recording of the conversation between her and the other students.

The subject itself is not unimportant, because after all if young minds are to be poisoned at the very heart of free thought by the feeling that they are being spied upon, then South Africa is going to be indeed in a bad way. The incident of the spy has been quoted, however, not only for its own sake, but in order to bring out the present position of the police in the South African State. And here it may be as well to give in full the answer made by the Minister to a question put by Dr. Boris Wilson, in whose constituency the University of the Witwatersrand is situated, asking for full details of the extent of police informing at universities. Mr. Swart replied:

The internal security of the State is one of the most important and also most difficult duties of the South African Police. In all Western countries, especially in view of the dangers of Communist infiltration and potential subversive activities, the work of the security organizations is of a strictly confidential nature. Particulars about their investigations are for self-evident and very good reasons not divulged in public. The Security Branch of the South African Police is no exception to this rule and I regret that in the circumstances I am unable to satisfy the honourable member's curiosity.

The powers of the police in this matter flow from the definition which found its way into section 44 of the Criminal Code of 1955, dealing with the issue of warrants. The provisions of section 44 (1) (b), which deal with the position where there are reasonable grounds for believing that an offence has been or is being or is likely to be committed, or that preparations or

arrangements for the commission of any offence are being or are likely to be made in or upon any premises, do not break new ground; but section 44 (1) (a) introduces the new principle that warrants may be issued where there are reasonable grounds for believing "that the internal security of the Union or the maintenance of law and order is likely to be endangered by or in consequence of any meeting which is being or is about to be held in or upon any premises".

To say that a meeting lawfully constituted and conducted endangers the internal security of the State is to assert a contradiction in terms. The gathering is *ex hypothesi* lawful. Its proceedings too are lawful, since, if they were not, an offence would be committed or threatened or be in the course of preparation, and the police could invoke the powers of section 44 (1) (b). The sole foundation for invoking paragraph (a) of that section in relation to the security of the State, while conceding the lawful character of the meeting, its proceedings and the intention of its promoters and audience, must therefore be the opinion that the mere holding of the meeting is likely to endanger the internal security of the State. That, however, it can only rightly be said to do if it is reasonably believed that persons *other than those lawfully holding and attending the meeting* are likely to be influenced to break the law as a result of that meeting or what lawfully occurs there. In plain terms it is subjecting completely lawful conduct carried out in the privacy of a home, of a student's common room, of a lecture room, even of a dinner party, to police interruption and surveillance because of a feared consequence which the persons taking part in the gathering may not desire, may indeed expressly disapprove, and for which they cannot be held legally responsible. These new powers of the police have been used freely and have in them the possibility of turning South Africa into a police state, as it is in some small but real measure already. Not only are the legal powers of the police very extensive, but they are apt to go even beyond these legal powers in practice. Thus in the case of *Wolpe and Others v. O.C. South African Police, Johannesburg 1955* (2) S.A. 87, it was shown that the police entered a private meeting on the ground that they believed that certain persons would attend the meeting who had already been prohibited from attending that class of meeting. The Court held that this was no justification for the entry and that the police could and should have done their duty by watching for any such persons outside the premises concerned. An even more sinister incident happened in May 1957, when an attorney in the discharge of his professional duty received the attention of a Special Branch photographer, who photographed him as he left the Court precincts with his client. An apology and explanation of mistaken identity followed, but, as the attorney said in his protest to the magistrate, the significance of the police action would be lost on no one.

All this forms part of a general attack on the rule of law and an entrenchment of the powers of the Government and administrative officials, which has been taking place at an alarming rate during the last decade. Statute after statute has limited or completely ousted the jurisdiction of the Courts and has left the private individual face to face with administrative officials who are often prosecutor and judge in one. The statutes of this nature which have

perhaps aroused most attention are the Suppression of Communism Act, the Group Areas Act, the Population Registration Act, the Consolidated Natives (Urban Areas) Act, a series of "Native Laws Amendment Acts", and the present Bill to amend the Industrial Conciliation Act. But in addition to these, acts are passed in every session of Parliament which further limit private rights, most of all the private rights of Africans, but in some measure the private rights of all members of the community. As far as the Africans are concerned, it may be said without exaggeration that most of their rights against the Government have disappeared and that in most essentials they are governed by decisions of administrative officials and not by the principle of law. This state of affairs, bad for any country and any race, is rendered worse in South Africa by the intense jealousy for the "prestige" of the white man as against the African. Practical decisions are inevitably taken in a large number of important cases by junior officials. An appeal admittedly lies to senior, and sometimes to very senior, officials, but this involves considerations which cannot and would not bind a Court. It requires a great deal of moral courage on the part of a senior official in the Department of Native Affairs to disallow the actions of a subordinate, to tell the African complainant that an injustice has been committed and that the Department regrets this, and to tell them that the junior official has been advised accordingly. Sometimes these things are put right in a rather furtive way, but this does not really exalt justice as justice should be exalted. A senior official in the Native Affairs Department who became known for action of this kind would be fortunate if he secured any further promotion.

Constraint of Education

ONE or two illustrations may make plain the general operation of these attacks on civil liberty. We might first consider the education of the African. Since the passing of the Bantu Education Act, it has become a criminal offence for anyone to teach more than five Africans without a certificate of registration from the Government. The certificate of registration is not only required for new schools, but also for those existing at the time of the passing of the Act, and more than one famous African school has been arbitrarily refused registration by the Government and compelled to close down. In one such instance the school had existed for over a hundred years, and was prepared to finance itself without any government aid if permitted to do so. All African schools which are registered are under the control of the Bantu Education Department, the policy of which with regard to education is laid down in the Eiselen Report of 1951. Its intention is to give Africans the kind of education which the Government thinks suitable for them and calculated to fit them into the pattern of socio-economic development which the Government approves. Legislation just approved by Parliament excludes Africans from all universities and university colleges except those to be created specially for them. These will be under the Bantu Education Department, and not under the general Education Department which supervises other universities. Their councils, their principals, their senates and, to a considerable extent, their teaching staffs will be nominated

by the Minister, the entry of a student into one of these institutions will require the Minister's consent, the subjects to be taught by the institutions will also be determined by the Minister, and any member of the staff may be discharged for misconduct if he makes publicly any "adverse comment upon the administration of any Department of the Government", or if he identifies himself with any propaganda which is "calculated to cause or to promote antagonism amongst any section of the population of the Union against any other section of the population of the Union, or to impede, obstruct or undermine the activities of any Government Department". It is for the Minister or, in practice, his departmental official to decide whether these offences have been committed. There does not appear to be any possible appeal to the Courts.

If this policy is fully carried out, all Africans will be educated from the kindergarten to the university under the auspices of the Native Affairs Department, and according to its ideals. One way out of this is for the talented African student to earn a scholarship and breathe the free air of education oversea. The issue of passports, however, is completely within the discretion of the Minister of the Interior, who is always guided as regards African applicants by the views of the Minister in charge of Bantu Affairs. Recently three young Africans, specially selected for university training in England, for whose expenses money had been raised by British university students, were refused permits to leave the Union, and although there are instances where permits have been given, the tendency to refuse them seems to be growing.

In the economic field there are difficulties at every turn. It would require thousands of words to enumerate all the existing restrictions. A few may be quoted here. No African has the *right* to go into a town and work. He must have the permission both of the Native Commissioner of his home district and of the authorities of the city where he is going. To remain in a city for a period longer than 72 hours without a document giving him permission is a criminal offence. The African worker is precluded from joining nearly all trade unions. He is not included in the normal machinery for industrial conciliation. Special machinery is provided in which European officials speak for him. No more racially mixed trade unions may be registered, and machinery has been created which makes easy the splitting of existing mixed unions along racial lines. Any mixed trade union still allowed to exist must have separate branches and hold separate meetings for their white and non-white members. Strikes and lock-outs are absolutely prohibited under penalty of a fine not exceeding £500 or imprisonment for a period not exceeding three years, or such imprisonment without the option of a fine, or both such fine and such imprisonment. A like penalty rests on any persons who incite or express sympathy with or lend support to a strike or lock-out.

Instances may be multiplied from every sphere of life, but perhaps enough has been said to show how wide is the control of unfettered administrative authority over Africans. In an increasing though lesser measure, it is true of white men too. One may well ask how it has become possible for the people of South Africa to accept such restrictions on their lives. Much South African

thought excludes non-Europeans from any definition of the "South African people", but it may be said in passing that even the background of the non-Europeans themselves is not one of despotism, but of limited monarchy, very strictly subjected to law. The case of Shaka in Natal was as exceptional as was the case of Hitler in Europe.

But what of the white people? What of the British South Africans with their sturdy belief in law and the Courts? What of the independent Afrikaner whose history has very largely been a history of revolt against or breaking away from interfering governments? Not only in the Cape, and in Natal, but also in the Orange Free State right up to the time of Union, the principle of the rule of law was very strongly applied. The only exception was Kruger's Transvaal where, it is true, a Chief Justice was dismissed by the President for exercising a "testing right" over laws, and where the power of the Executive was greater than in the other provinces. Influential though the Transvaal has become in the Union's life, it can hardly be that alone which has made the present development possible. The plain fact of the matter is that men who would never have agreed to similar restrictions in an all-white country have accepted them as part of the price to be paid for the introduction of *apartheid*. Many South Africans believe, and not without reason, that *apartheid* will never be really and fully carried out, so that South Africans may be selling their principles for nothing. Yet even were it otherwise, it is doubtful whether the sacrifices made of civil liberty are worth while for the sake of *apartheid*. This may be a matter of opinion, but the drift of South Africa towards a police state is, unfortunately, a matter of fact.

South Africa.

THE TORY YEARS

RECORD OF THE UNITED KINGDOM GOVERNMENT

EIGHT years is a long life for a government of the United Kingdom. Since the coming of universal suffrage forty years ago, only one government has lasted longer—the so-called “National” Government in the 'thirties—and except for that rather extraordinary Administration, extraordinary not only in its composition but in the circumstances that gave it birth and therefore helped to keep it alive, the record is held by Lord Attlee, who managed to keep his team in the saddle for six and a half years.

With the present Administration approaching both its eighth birthday and a general election, therefore, the innocent observer might be pardoned for thinking that its energy would be exhausted. Where, however, there should be senile decay and hardening of the arteries, the actual symptoms seem to be much more those of carefree youth. This may be rather a partisan view, but in any event even the most enthusiastic partisan of the Labour Party is unlikely to offer more than even money on the return of his party to power at the Election.

The reasons for this astonishing state of affairs are a little difficult to define. Partly it is due, no doubt, to the fact that the Opposition, in the public image, appear not only divided but inept, wasting their time chasing after mares' nests like Sticky Labels or the Bank Rate Plot. But it undoubtedly has its more positive side, otherwise we should be faced with a situation like that of two years ago, where the Labour Party was not gaining any votes, but the Conservatives were losing them to any freak candidate who stood. Partly, too, it is no doubt due to the fact that, though nominally the same Government, only three members of the present Cabinet were members of the Cabinet formed by Mr. Winston Churchill in October, 1951—the Prime Minister, who was then Minister of Housing and Local Government, Mr. Butler, then Chancellor of the Exchequer, and Lord Kilmuir, then, as Sir David Maxwell-Fyfe, Home Secretary. An immense amount of fresh blood has been brought in, to say nothing of two changes of Prime Minister, which, although the changes have been less frequent in recent years, have enabled new minds and new ideas to be brought to bear. Finally, we must notice that, despite one monumental blunder and a number of other failures in various fields, the total record of the Government, particularly in the domestic field, has been good, and, perhaps even more important, it has been in tune with public thinking in much the same way as the Labour Party was immediately after the war.

The monumental blunder and most of the other failures are to be seen in the field of foreign affairs. This should be surprising, for the one field in which the Conservatives were generally expected to do better than their opponents was precisely in this sphere. The wisdom of Churchill coupled with the immensely wide experience of Eden should do the trick, people thought, while the domestic policy would probably be awful. Planning, after

all, was what was needed, and the Tories were not only fundamentally averse from planning, but did not know how to do it. The truth has revealed the complete reverse to be the case.

Foreign policy since 1951 has been dominated by the overriding question of the Cold War, with particular attention being paid to two spheres—the Middle East and Europe. In the general sphere of the Cold War, of course, it would be unjust to saddle this—or any other—Government with too much responsibility. So much depends on the behaviour of the Soviet Government, and, at least until 1953 and Stalin's death, this offered very little room for manoeuvre. We are also members of an alliance into which the Labour Government took us with the full support of the country at the time, and our obligations under that alliance have made it impossible for us to take any drastic initiative in the general sphere. It is the feeling of impotence in this regard that has led to a growing irritation—by no means confined to Conservatives—with our restricted status, and a desire to go it alone which reached its disastrous climax at the time of Suez.

The Cold War

GIVEN these restrictions, however, the Government's record in the general Cold War field has not been bad. From the moment in the Spring of 1953 when it became clear that a fresh wind was blowing from Moscow, the British Government has sought to carry out a policy combining a search for some accommodation with the Soviet Union with a refusal to abandon positions absolutely vital to our survival. Only two months after Stalin died, Mr. Winston Churchill, in a speech in the House of Commons, first used the phrase that has gripped the imagination of the people of this country with perhaps too much intensity. He spoke of a "parley at the summit"; and since that day, successive Prime Ministers have sought to get the Soviet leaders round a table in the belief—which may be naïve but is certainly sincere—that only in that way can the difficulties be ironed out. It was not given to Churchill to take part in one of these conferences, though he did see during his Premiership the first major success at an international conference since the war, when Eden, at Geneva in 1954, by the exercise of those great gifts of diplomacy here deployed for almost the last time, steered the nations to a settlement—though admittedly a somewhat shaky one—of two outstanding problems in the Far East.

The actual Summit Conference, when it came, was a grievous disappointment. Churchill's original idea seems to have been that the leaders of the world, accompanied only by their Foreign Ministers and interpreters, would get together for a day or two and roam in broad discussion over the entire globe, in the hope that some point of agreement might emerge. What took place at Geneva in 1955 was an immense concourse of officialdom, in the course of which the Heads of Government were completely swamped. No adequate preparation had been made, a series of bromides was enthusiastically adopted as the basis of future work, and when the Foreign Ministers got together a few months later they discovered, to nobody's great surprise,

that nothing had really changed, and that we were as far off agreement as ever. It is understandable that President Eisenhower, for one, has no desire to repeat this fiasco, and that he has insisted that any further Summit Conference must be preceded by adequate discussions by the Foreign Ministers to see if any basis of agreement can be found. This has led to the long-drawn-out discussion at Geneva; and at the time of writing it is by no means certain that there will be a Summit meeting at all. Nevertheless, it is worth noting that Mr. Macmillan's visit to Moscow, which came much nearer to the ideas which Winston Churchill had in mind, did achieve limited results, and did help to lower the tension the Russians had generated over Berlin.

Even limited success seems to have eluded us completely in the Middle East. The shadow of the Persian oil crisis hung over the General Election of 1951, and since then there has rarely been a moment when the British Foreign Secretary has not had to concern himself to a large extent with Middle Eastern problems. Even before the Tories took over there were signs of impending trouble in Egypt; and within a few months a nationalist revolution there had swept out the old régime, and established Arab nationalism on the most sensitive point of our entire Commonwealth communications. In recent years it has been fashionable to accuse the Government of failing to "come to terms with Arab nationalism". It is an easy catch-phrase, much as is the word "disengagement", and both concepts share the advantage that no one really knows what they mean. Or, to be more precise, everybody means something different by them.

In the general welter of accusation, however, it is possible to overlook the fact that the Government did try to come to terms. The Anglo-Egyptian Agreement of 1954, and the evacuation of the Suez Canal, were both very genuine attempts in this direction, and so was the offer of economic aid to Egypt. But it is doubtful, even so, if Sir Anthony Eden really understood the new force which had been unleashed in the Arab World, or the personality of Colonel Nasser. He certainly failed to realize that nothing less than complete engagement on the Arab side, both politically and militarily, would satisfy the Egyptian leader, and above all, that British support for Israel would, in the long run, have to be abandoned. (His foremost critics also failed to grasp this point; an interesting example of both sides' trying to have it both ways at once.) At the same time, there seems to have grown up in his own mind the feeling that Nasser was another Hitler, and could only be smashed in the same way. When the crisis came, he clearly felt that he had been personally betrayed by Nasser and it was this personal feeling, more than anything else, that made him act so out of character.

Not that, in perpetrating the blunder of the Suez action, he was badly misinterpreting the feelings of his fellow countrymen; as every Member of Parliament knows, the people as a whole were behind the Government in the action they took, and even now, most of the resentment against Suez seems to be directed against the bungling of the operation rather than against the operation itself. While there is no space here to undertake a full analysis of the Suez affair, nor indeed are sufficient facts yet available to do so, it remains true that the action was not only extremely dubious morally and in apparent

conflict with our obligations under the United Nations Charter, it was also never likely to be a success, even if it had been carried out with an efficiency which, in the event, was conspicuously lacking.

The Suez operation has bred a suspicion in the Middle East which has made our position far more difficult. It also brought about the fall of Sir Anthony Eden, a tragic ending to a great career. That it did not bring down the Government itself is a matter for marvel, though the true explanation probably is that the conduct of neither side endeared itself to the electorate after the initial shock was over.

The trouble in the Middle East remains to plague us. But as an example of how a firm policy can be successful, the Anglo-American action in Jordan and the Lebanon can be cited. By acting only on the advice of duly constituted governments in the area, by rigidly refraining from going beyond the limits of international propriety, and by making it quite plain in advance what we intended to do and sticking to it, the two countries managed to stabilize an extremely dangerous situation, and, although the question of Israel is as far from settlement as ever, and Iraq is still a very doubtful quantity, things are quieter in the area now than they have been for a very long time.

Unpopularity in Europe

DEVELOPMENTS in Europe have been on a less violent plane, but they have been attended with little more success. The Conservative Party in opposition had found in the drive for an integrated Europe a useful stick to beat the Labour dog with. When the Churchill Government was formed, the European peoples naturally expected the promises which the new British leaders had made over the two previous years to be redeemed. The first crucial test came a few weeks after the new Government was formed over the question of the proposed European Army. This had originally been a British idea, sprung from the fertile mind of Mr. Duncan Sandys, and, although the Labour Government had refused to join it—or the Coal and Steel Community which came into existence a few months before the election—there was every hope that the new Government would reverse the decision.

Far from doing this, however, the Tories immediately endorsed the refusal of their predecessors, an action that created the liveliest indignation among our European friends. Though other means were found for rearming the Germans, which was one of the main objections to the European Army, the damage done to our relations with Europe has never been healed, and it should have been scarcely surprising, therefore, that the nations of the Six should not have been prepared to bend over backwards to accommodate us when they were discussing the formation of a Common Market. Despite this, however, the desire of our European partners to see us join with them in their experiments in supranationality was still so great, at the time of the Messina Conference in 1956, that, had we been prepared to enter into the discussions fully, we might well have emerged from the negotiations with something very like the ill-fated Free Trade Area. The classic mistake—and one which it is puzzling to see a convinced adherent of the European idea

like Harold Macmillan making—was to treat the negotiations as basically economic, when in fact all the other countries were approaching the matter from a political angle. The same idea seems to have sponsored our little Seven scheme, about which it is too early to pass any judgment now, but which is yet another economic concept in a political sphere.

Commonwealth Developments

UNDoubtedly, it was worry over our commitments to the Commonwealth that has, all along, caused the greater part of our reluctance to enter more fully into Europe. Although the recent Chatham House Conference in New Zealand would seem to show that opposition among the peoples of the Commonwealth to closer British ties with Europe would be less than the Government feared, it is understandable that the Government should be much concerned about our relations with the other Commonwealth countries. For Suez dealt a tremendous shock to Commonwealth unity; that it was not a shattering blow was due to the wisdom, in the first instance, of Mr. Nehru and Mr. Lester Pearson among others. And, in any case, the nature of the Commonwealth has changed radically during the eight years of Conservative Government.

The basic change was made, of course, when India, Pakistan and Ceylon were admitted as full members. During the Conservatives tenure of office, however, the arrival of Ghana and Malaya, and the imminent arrival of Nigeria and the West Indies, have given the new countries a majority for the first time over the old dominions. This development is a tribute to the wise policy of our much-maligned Secretary for the Colonies, Alan Lennox-Boyd. Under his administration, great strides forward have been made in the Commonwealth idea, including not only new dominions but the emergence of the first "city-state" in the form of Singapore. Only in the multi-racial colonies in Africa and the special case of Cyprus, where there were international complications, have things gone really wrong.

The settlement of the Cyprus issue was reached because it was possible to fulfil a condition which the Government had always thought would have to be attached to it, principally that no final settlement was possible without the concurrence of the Greek and Turkish Governments as well as the people of Cyprus themselves. Though much criticism has inevitably been directed against Mr. Lennox-Boyd for many aspects of his policy in Cyprus, on the basic premise he was right, and was proved to be right by the speed with which a settlement was reached once the two governments were in agreement.

In the multi-racial colonies of Africa and the Central African Federation, he has not been so lucky. The Government's policy here has been based on partnership, as the only possible solution to the problem which could be reached without an upheaval which would be felt throughout Africa. It has, however, proved impossible to make partners out of people who have not got the least desire, apparently, to be partners, and the lack of co-operation between the races, particularly in the Federation, has so far brought all the Government's plans to nought. In Kenya there have been some hopeful

signs recently that some settlement along these lines can be found, and although the scene has been darkened recently by the disgraceful Hola Camp deaths, it is still not outside the bounds of possibility that Mr. Blundell and Mr. Mboya may be able to reach agreement. If they manage to do so, the effect this will have in the rest of Africa, and particularly in the Federation, might well transform the situation.

The Bomb

VITALLY important though all these considerations are, the election is not likely to be decided upon them. Two issues, indeed, would seem to be predominant before the electorate as polling day approaches. The first is the question of national defence and the hydrogen bomb, the second that of the standard of living.

Conservatives are sometimes accused, notably by Mr. Aneurin Bevan, of complacency about the bomb. If this is intended to imply that they do not have public arguments about it, the charge is, of course, true, but if it means that they are not concerned about the implications of nuclear weapons, then it is palpably false. The Government's decision to manufacture the hydrogen bomb and to base our main defence on it can be argued against on tactical grounds, but on political grounds it follows the decision of Mr. Attlee's Government to make the atomic bomb—the feeling that, unless we were prepared to make and hold the most modern weapons of war, we should lose influence in the counsels of the world. Sir Winston's phrase that "we arm to parley" might also have the rider, "We arm to disarm", and the Conservative Party's view has quite logically been that we should hardly be in a position to persuade other nations towards universal disarmament—which must remain our goal—unless we could show that we should be making exactly the same sacrifices as they. This idea is presumably in the mind of the Labour Party, too, when they insist on keeping the bomb. Allied with this is the question of nuclear testing, on which the Government took the initiative, both in the calling of the scientific conference and of the subsequent political conference which has been trying, with some degree of success, to work out plans whereby testing can be stopped under a foolproof system of inspection and control.

That the bomb will play its part in the election campaign has been made certain both by the Campaign for Nuclear Disarmament and by the great travail in the Labour Party on this subject. The standard of living is, of course, always with us, and will probably be, as always, the decisive factor in the campaign. Here, the Conservatives can point to a record of achievement that most parties would envy.

Economic Progress

THE Conservatives took office in 1951 under the shadow of galloping inflation and an economic crisis admitted to exist by Mr. Gaitskell in one of the last speeches he made as Chancellor of the Exchequer. Mr. Butler's first duty was clearly to get this situation under control at all costs, but he was a little hampered in this task by the fact that certain measures had been

promised in the Conservative election manifesto which were extremely inflationary, notably the need to do something at once for the retirement pensioners, and the pledge to build 300,000 houses a year. Helped by a favourable wind in the terms of trade, it proved possible to do both these things with such success that, when Sir Anthony Eden succeeded Sir Winston Churchill as Prime Minister in the Spring of 1955, he was able to dissolve Parliament and come back with an increased majority—something no Prime Minister (except Ramsay MacDonald in the abnormal conditions of 1931) had done for more than a century.

As it turned out, this was almost the last moment when this could be done. The new Members had to make their way to Westminster by a transport system paralysed by strikes, for the long industrial truce brought about by the skilful work of Sir Walter Monckton had come to an abrupt end as the inflationary pressures built up, and within a few months of the election Mr. Butler had to bring in an Autumn Budget. The situation went rapidly downhill, helped by the strain on sterling caused by the Suez crisis a year later, until, in the autumn of 1957, the country stood on the verge of economic disaster. Speculative pressure on sterling, caused by incessant rumours of impending devaluation, reached its peak in September of that year, and finally Mr. Thorneycroft, the then Chancellor of the Exchequer, was driven to drastic action, including a Bank Rate of 7 per cent to stabilize the situation.

Despite Mr. Thorneycroft's resignation, with the other two Treasury Ministers, in January of the following year, on the grounds that the rest of his colleagues in the Cabinet were not prepared to be so tough as he was, the success of the operation is now plain for all to see. At the cost of industrial stagnation for a year or so, the country was enabled not only to get back on its economic feet but to come through a world recession with less damage than any other industrial nation in the Free World. In this, the Government was greatly helped by the terms of trade, which the depression turned sharply in our favour in respect of primary products; but every government has to rely to a certain extent on luck, and the luck would not have been much use if the economic climate in Great Britain had not been right. We now find ourselves in a better economic position than at any time since the war, and able to face the inevitable autumn pressures on sterling with considerable confidence.

In social policy the Government has been no less successful. The pledge to build 300,000 houses a year was widely regarded as vote-catching, and, indeed, in strictly economic terms, it made very little sense. But the Government was undoubtedly right to regard bad housing as one of the worst social evils with which the country was faced, and by concentrating the effort in that sphere we have now reached a position where the urgency of the housing problem has been reduced to manageable proportions. This enabled the Government to tackle at long last the tangle of the Rent Restriction Acts, a step much complicated by the inevitable violent opposition with which the Labour Party greeted it, and an access of cold feet among certain members of the Parliamentary Party which rendered a substantial weakening of the original proposals inevitable also. Nevertheless, the operation has been at

any rate a limited success, and is likely to increase in value as more and more houses come out of control.

The social tradition of the Conservative Party can be seen also in the regular raising of the Retirement Pension and National Assistance Benefits. These latter were raised for the first time this year in advance of the rise in the cost of living index—which has remained virtually stationary for well over a year—and the main restrictions that hedged them about have been much liberalized. Wartime controls have now been reduced to a handful, rationing has been completely abolished, and such artificialities as food and rent subsidies have been done away with, to the great benefit of the economy as a whole. A steady reduction of taxation has also made life a good deal easier for almost everyone in the country, while the stabilization of the cost of living has been of great benefit to the one section of community which had got overlooked in the general rush for higher standards since the war—those living on small fixed incomes and pensions.

Mr. Butler in the Home Office

ANOTHER notable feature of Conservative achievement has been the transformation over the past three years of Home Office policy. To begin with, affairs at this government department were not of the happiest under the rule successively of Sir David Maxwell-Fyfe and Major Lloyd George. Indeed, in 1953-54, it looked as though that office was going through one of its more distressing Mrs. Grundy phases, with widespread drives against homosexuality, which sometimes seemed to pay little regard to the liberty of the subject, and respectable publishers being hauled into court in regard to books that even the most puritan of maiden aunts would have difficulty in regarding as obscene. Mr. Butler's arrival at the Home Office changed all that; the whole question of crime and punishment is now being subjected to a review of a kind never before attempted in England, with the need for reform and redemption for the first time taking precedence over the purely pragmatic aspect which had hitherto prevailed, that it was best simply to lock people up so that they could not cause any more trouble. The long controversy over the death penalty has been settled at least for the time being by the Homicide Act, which, while it would never take full marks for logic, at least has proved a reasonably acceptable compromise in political terms. A new law on obscene publications, too, although the result of private enterprise, has received a certain measure of government help—after a shaky start—and should give publishers greater security.

At the time of writing, the date of the election has just been fixed for October 8. The particular issues that will become the focus of electoral agitation cannot be foreseen. It is quite impossible to say, for instance, to what extent the violent controversy over the Hola Camp incident and the Nyasaland crisis will have any strong effect on public opinion, even though it has darkened the last days of the parliamentary session. At the moment, however, the Government looks like entering the election campaign with considerable confidence of victory, helped no doubt by dissension in the Labour Party over both defence and economic policy, but looking back also on a

record that, taken as a whole, is not at all bad, and nourished too by the thought that the basic philosophy of the Conservative Party—the empirical approach to problems as they arise—seems to be what the people want at this moment. If the Conservatives win the election, it will be an event without precedent since the advent of universal suffrage in the United Kingdom, and they will be entitled to take great pride in it. On the whole, too, one would think that they deserve to win.

PAN-AFRICANISM

NEW ASPIRATIONS OF AN OLD MOVEMENT

THE term "Pan-Africanism" is appearing more and more in discussions of African affairs, and since the All-African Peoples' Conference in Accra it is likely to have a greater circulation. Like many terms of its kind its emotional overtones, different for different groups of people, will soon conceal the variety and complexity of its meanings, so it may be useful at this stage to try to sort out what it has meant to date.

Not surprisingly the original impetus behind pan-Africanism was generated outside Africa. The first significant link in the chain reaction was the product of English philanthropy, the Sierra Leone colonization project of the late eighteenth century. This idea, probably suggested by one Dr. Smeathman who had spent some years chasing butterflies in Sierra Leone, but put into action by Granville Sharpe and other members of the Clapham sect, was to set up a "National Home" for liberated negro slaves and their dependants back in Africa. In 1787 the first boatload, carrying about 400 negroes, set out for Sierra Leone from Portsmouth and, despite a disastrous start, by 1792 nearly all the poor negroes in England and many from the West Indies and Nova Scotia had been settled in Sierra Leone.

The Sierra Leone scheme set the pattern for similar movements in America in the nineteenth century, the most famous of which led to the founding of Liberia. But the main significance for pan-Africanism is that these Back-to-Africa movements had an important influence on Marcus Garvey, the "Negro Moses".

Marcus Mozhiah Garvey was born in St. Ann's Bay, Jamaica, in 1887. His parents were not slaves and were of unmixed negro stock. Garvey received little formal education, but travelled to Costa Rica, Panama and England, where he came under the influence of several expatriate nationalists from Africa and Egypt. In 1914 he started campaigning in Jamaica for negro unity and racial parity, but he soon found the island too small for him and he moved to New York in 1916. There he set up the Universal Negro Improvement Association and founded the *Negro World*, of which he became editor. By means of brilliant demagogic oratory and journalism he succeeded in arousing the enthusiasm of the negroes to an unprecedented extent. Garvey's philosophy has been well labelled "Black Zionism": the pure negro race must come into its own in the world, Africa must be liberated from alien rule, and a negro nation must be built in Africa. In 1919 he started the Black Star Line, a negro steamship company, into which he poured millions of dollars. In 1920 at a Mammoth International Convention in New York the Negro Empire was founded and Garvey was elected Provisional President of Africa at the head of a provisional government, complete with shadow cabinet, exotic uniforms and bizarre titles and decorations. Garvey's opinion

of himself is reminiscent of the opening lines of Salvador Dali's autobiography: "At the age of six I wanted to be a cook, at seven I wanted to be Napoleon, and my ambition has been growing ever since." Unfortunately for him his talents for rhetoric and self-appreciation were not supported by administrative ability or business acumen. The Black Star Line and various other expensive enterprises collapsed, his trusted henchmen turned out to be corrupt, and in 1925 Garvey was sentenced to five year's imprisonment for mail fraud. There is no reason to suppose that he himself was not honest or sincere, but Western conceptions of responsibility do not stop at these virtues.

After Garvey's imprisonment the Universal Negro Improvement Association soon disintegrated, but by then he had played a great part in the "Negro Awakening". The present writer remembers in one African Territory in 1923 the emotional effect of Garvey's writings on some semi-educated Africans who were working with him. His portrait adorned the walls of their quarters and the *Negro World* was assiduously read.

However, even before his downfall Garvey had aroused the hostility of many American negroes not only on account of his financial failures but also because of his extreme racialism. Himself of pure negro blood he was a fanatical believer in racial purity, even to the extent of co-operating with leaders of the Klu-Klux-Klan, justifying himself on the grounds that they were fighting for a White America, he for a Black Africa. Perhaps his most important opponent was Dr. W. E. B. du Bois, a noted negro scholar, sometimes known as the "Father of Pan-Africanism". In fact, du Bois revived and strengthened the concept of pan-Africanism, rather than invented it. For in 1900 a West Indian lawyer called Sylvester-Williams had convened a "Pan-African" congress in London to protest against colonialism, but he died before he achieved very much.

Anti-colonialism and Socialism

THE differences between Garveyism and pre-1945 pan-Africanism are well brought out by comparing Garvey and du Bois. One was pure negro, the other mulatto; one was a demagogue speaking to the masses, the other an intellectual addressing himself to intellectuals; one had Fascist, the other Socialist tendencies; one wanted to create one Negro Empire or nation in Africa for *all* negroes, the other strove to obtain equality for American negroes *in* America and national self-determination for Africans in Africa. But they had similar ties: both came from an American background, both tended to think of Africa in West African terms, and both were unmitigatedly anti-colonial, but also anti-Communist. But, perhaps most important of all, it is unlikely that many people outside America have clearly differentiated between them, and their writing and ideas have had a large influence on African nationalist thinking.

Du Bois first became known for his championing of equal rights for negroes in America, initially with the Niagara Movement, founded in 1905,

and later with the National Association for the Advancement of Coloured People for whom he edited the magazine *Crisis*. It was not until after the First World War that du Bois really directed his attention to Africa. Between 1919 and 1945 he helped to sponsor and arrange five international pan-African conferences which were the forerunners of the Accra conference of last December. A study of the resolutions of these congresses shows that they followed a fairly consistent line. In the first place it is clear that pan-Africanism has until now been little more than a form of anti-colonialism: the idea of a Federation or Commonwealth of independent African states is comparatively recent and the first references to it give the impression of being rather vague after-thoughts tagged on at the end and not central to the concept of pan-Africanism. In the second place, the movement during the ascendancy of du Bois consistently came down on the side of non-violence. In 1945 the Fifth Pan-African Congress voted in favour of positive action, based on Gandhian tactics of passive resistance, and these were put into practice by Nkrumah in the Gold Coast in 1950. Thirdly, the first five congresses were not held on African soil and were organized primarily by non-Africans; du Bois was the leading light in the early stages and more recently their best-known publicist has been a West Indian, George Padmore. Fourthly, pan-Africanism has been strongly influenced by Socialist-type thinking, but has never been very sympathetic towards Communism. In fact Padmore's book *Pan-Africanism or Communism*, published in 1956, set out to dissociate pan-Africanism from, and present it as the only alternative to, Communism. Fifthly, not unnaturally, the movement's African connexions were almost entirely with West Africa. Perhaps this offers a partial explanation of the fact that, whereas it has been opposed to the rabid racialism of Garvey, it cannot be said to have been sympathetic with the multi-racial philosophies of other parts of Africa. Finally, the movement is a product of the English-speaking world, and until the Accra conference it had hardly taken root in the French-speaking parts of Africa.

Between 1945 and last December the political face of Africa has changed tremendously, and there have been conferences at Bandung and Cairo at which the Asian and Arab countries have tried to align the independent African states with their blocks. With regard to this it may be noted that Nkrumah in his speech at Accra mentioned neither the Bandung nor the Cairo conference.

Many different interpretations of the significance of the Accra conference have been made by commentators: its main purpose was to work out the Gandhian tactics and strategy of the African non-violent revolution in relation to colonialism. There was disagreement between the Arab and Black African delegates on whether non-violence should be adhered to, but it cannot be doubted that the resolutions on positive action have given African anti-colonialism its strongest rallying-point to date. There are other points to be noted: the *Central African Examiner* commented:

Whatever else the results of the Accra conference, two significant historical facts are indisputable: for the first time, leadership of the pan-African movement

has passed decisively from oversea hands into those of African-born politicians. At the same time, a broad African nationalism has replaced the earlier narrow racialism.

There were strong delegations from the United Arab Republic and Russia, but the former were rebuffed on several matters and the latter were treated rather warily.

United States of Africa

THE changing meaning of pan-Africanism was illustrated both by the tremendous emphasis placed on the need to develop an "African personality" and by the fact that a committee was set up at the conference to consider frontier adjustments and new groupings leading to an eventual "Pan-African Commonwealth of Free, Independent United States of Africa". The committee suggested that the conference should "endorse pan-Africanism and the desire for unity among African peoples" and "declare that its ultimate objective is the evolution of a Commonwealth of Free African States". The desire to develop an "African personality" is understandable. It is an expression of African xenophobia, for their political leaders are very conscious of the external influences which have up to now been all important. They are anxious to put a really African imprint on the character of their movement, so that they can take pride in being recognized as the leaders of something distinctively African.

The Accra Conference has already produced some tangible results. The Nyasaland disorders, the Leopoldville riots, the boycott of non-African shops in Uganda and the boycott of South African goods in several African territories have all been attributed to the resolution to adopt positive action. There has also been a reaction against non-African leadership, and it has been decided not to hold the next conference in Cairo but in Tunis and perhaps to jettison Mr. George Padmore. But the movement still owes its mainspring to West Africa, though no longer confined to English-speaking territories. The special position accorded to Mr. Tom Mboya is significant.

Pan-Africanism in fact is tending to become a sort of super-charged African nationalism related to the strong wave of the latter movement which is sweeping Black Africa. It seems clear that the initial objective is to rid African states of colonialism and to try and establish a confederation of self-governing African territories. The first move to bring Ghana and Guinea into closer association has run into practical difficulties which have yet to be overcome; and the approach to include Liberia has been met at first, if not with a rebuff, at least with caution and a display of jealousy as to where the leadership should be. Even the attempt to form the Mali Confederation within the French Union has not met with great success, for after initial agreement between the four territories concerned two have dropped out and it is open to doubt whether the remaining two—Soudan and Senegal—will make a strong enough unit to survive.

The ultimate aim of a United States of Africa has a strong appeal; but there are great difficulties in the way of achieving it, however meritorious

the idea may be. First there is the rivalry between political leaders, and the advantages enjoyed by the first in the field may disappear as larger states—such as Nigeria—attain independence and their leaders exert themselves to attain their ambitions towards African leadership. Then the differences in race, language, environment, historical background and ideology make it far from easy to find common ground on which to unite. In fact we may expect to see much energy expended on manœuvring for position, to the detriment of the fulfilment of the ultimate aim. Already on the west coast there are three rival centres, Accra, Lagos and Dakar, competing to be the centre of gravity.

Quality of Future Leadership

THE leadership at present lies in the hands of the African intellectuals and there are but few with solid educational achievements or political and administrative experience to control and guide such an ambitious movement and to take it to the final goal. There is undoubtedly a strong appeal in this direction among the rank and file of the intelligentsia, but they represent a very small minority of the African population and the majority of them are but semi-educated. It is believed that the present political leaders in the Congo are in a hurry because they fear that their leadership might pass into the hands of those Africans now at universities who when they graduate are likely to become a new force. The intellectuals hope, however, to gain the support of the African proletariat and base their policy on the rapid development of parliamentary democracy with universal suffrage as their main plank. By these means they hope to gain the support of the United Nations although they may not always fully appreciate or even believe in the modern concepts of democracy except as a means to an end. It is essential for them to weaken and in fact destroy the tribal system which they denigrate on every possible occasion. But the tribal system is not a dead letter as some claim; nor is it being artificially propped up by the colonial powers merely in order to divide and rule. The Molohan report on detribalization in Tanganyika, which deserves more attention than it has received, shows undoubtedly that Africans, even when they leave their tribal areas for prolonged periods, continue to look to their tribal authorities for many essential matters that affect their lives—marriage, divorce, inheritance, land, &c. The African national leaders see that to achieve their political aims they must break down the tribal system, which, however, owes its strength to being a social as well as a political institution. Those in favour of the tribal system see in it a means of building up African nations on a strong foundation by the evolution of purely African institutions, instead of by the adoption of a system which is alien to the African way of life. We have the example of the Sudan, where what claimed to be a parliamentary democratic régime became in the eyes of the people less democratic than the system to which they were accustomed. Such are some of the difficulties which must be overcome before pan-Africanism in its newer sense can enter the realm of reality.

There seems to be a tendency on the part of many African political leaders to take an ostrich-like attitude towards the practical difficulties that bestrew

their path. They are caught on the upsurge of popular support and dare not draw attention to a real appreciation of the problems which according to Western thinking should be solved before independence can be gained. They would be serving their people much better if they could be persuaded to face realities, and to take the initiative in approaching the administering powers to set up machinery in which they could participate to produce a practical programme to create the fundamental conditions required if self-government is to be established on solid foundations.

What then are the factors militating in favour of the pan-African ideal? That with the most practical importance is the strength gained through unity. If unity is possible Africa could become politically stronger in and out of the United Nations and could gain economically and militarily. Beyond this the appeal is mainly emotional. The feeling that they share a history as an "oppressed race", the unity engendered by the common factor of colour, and the geographical unity of Africa are all powerful psychological stimulants. As African territories gain their independence anti-colonialism becomes more and more a thing of the past, and the goal of a United States of Africa may attract both African leaders who are real statesmen and those who need a diversionary distraction from their own internal political difficulties. It is inevitable that the way in which pan-Africanism will develop in the future must remain very uncertain.

RUSSIA AND CHINA AS TRADERS

I. THE ACTUAL PERFORMANCE

SOVIET aid to under-developed countries began in summer 1953 after Stalin's death, with a loan to Argentina and the dispatch of technicians to Afghanistan. In the distant days before Stalin's rise to power, when, however, the Soviet economy was by no means so fitted to render it, such aid had also been forthcoming. Atatürk's Turkey and Chiang's China were the main beneficiaries: an experience that must have reinforced the old man's natural hatred, suspicion and contempt for foreigners. But Communism is not a naturally isolationist creed, and in retrospect it should have surprised no one that such aid should begin again when the distorting influence of Stalin was removed.

Nevertheless such a great change of policy could only follow an ideological change, and such there was also directly after Stalin's death. Stalin had held that a non-Communist is a capitalist, even if black, poor and radically-minded. Thus Gandhi was a lackey of the Indian *bourgeoisie*, deceiving the masses with a lot of talk of liberation and pacifism, and a slave himself to mystical ideas of economic reaction. And as to the Indian *bourgeoisie* they were in league with the British *bourgeoisie*, who had found it convenient to make a few superficial changes in the mechanism of their rule over India by sheltering behind British agents like Nehru.

Few can have really believed this sort of thing, and Stalin's successors reverted to Lenin's belief that the under-developed countries were a peculiarly promising field. Even native capitalists were "objectively speaking a historically progressive phenomenon" in that they fought, in the great unitary parties of national liberation, alongside other classes against the capitalists of the imperialist power. Later, no doubt, it would be different, but strategy and tactics are not one, and Communist support of non-Communist movements of liberation might well be good tactics. So Gandhi's memory ceased to be that of an idealist, and Nasser ceased to be a fascist, and foreign aid got under way.

Ought we to be frightened of Communist economic growth in general, or of Communist foreign trade and aid in particular? These questions cannot, alas, be answered without a few tedious definitions and disputable statistics.

It is foreign aid that requires definition. First, promises of aid are not actual deliveries. A promise to deliver so much over ten years always looks big; the question is how much actually is delivered every year. The adding up of promises spread over differing periods is an utterly meaningless procedure. Recent State Department and British Foreign Office estimates at last make it possible to compare actual annual deliveries of aid.

Secondly, loans are not grants, and it is the height of statistical dishonesty to present them in one column. It is truly amazing to see this gross error being committed in the best statistical sources. The gift of a dollar is, of course, many times as valuable to the recipient as the loan of a dollar, and

many times as costly to the provider. Moreover, this obvious point militates very greatly indeed in favour of the West, since most Western aid is grants and nearly all Communist aid is loans. (But here remember that to many minds the loan has advantage over the gift in that it is assumed to be between equals and does not call for gratitude.) Thirdly, there is no substantial difference between a private and a public loan, and—especially when Socialist and capitalist countries are being compared—it is essential to include both. If “foreign aid” can mean two such extremely different things as a United States outright gift and a Soviet loan at 2 per cent, it must certainly include the Soviet loan’s first cousin, a Swiss loan at 6 per cent. Then, fourthly, the International Bank and the International Monetary Fund operate exclusively on “Western” money, and therefore their transactions with under-developed countries (only) must be included on the Western side.

Nor is even that all. The banking systems of the West are great lenders to backward countries at short term (on balance, for they also keep large deposits for them), and the movement in this lending is also aid. Sixthly, there is the question of loan repayment. The statistics do not normally mention the interest and amortization paid by erstwhile borrowers, yet these are substantial deductions from any aid figure, and must be included; otherwise the distinction between loans and grants would again be blurred. Lastly, not everything that a particular country calls “aid” is so in fact. It is not, for instance, “aid” if the Soviet Union sells machinery to China against *current* deliveries of tung-oil and pig-bristle—unless a specially favourable price is set for the latter. Yet Soviet sources regularly refer to such transactions as “aid”.

In a word, *aid is the current trading surplus*, the excess of gold and goods and services exported in a year over those imported. If this excess is delivered against securities the aid is a loan, if against nothing it is a gift.

Thus fortified, we may proceed to figures. By and large Communist economies grow at about 6 per cent per annum per caput (the figure is for the real national income); and non-Communist economies of all kinds at about 2 per cent. Communist international trade is about 13 per cent of all international trade, and about one-fifth of it, or 3 per cent of all trade, is across the Iron Curtain. Communist aid to under-developed countries, correctly defined as above, is about 2 per cent of all foreign aid. Using the above definitions, the following (p. 353) are rough approximations in millions of dollars for the year 1957.*

A fact of great importance emerging from this table is that if gifts mean so much more than loans China renders more aid than U.S.S.R. This was certainly also the case in 1958, though beyond doubt it is not in 1959, since at the end of 1958 China went into a very severe balance of payments crisis. Nor is China a sort of Eastern France, receiving immense sums of aid herself and only thus able to render the aid for which she takes credit. Quite the contrary, she has received no gifts and few loans from U.S.S.R., and is now actively paying these latter off.

In a way Chinese aid suffers from the same disadvantage as much of American aid: it is in the form of consumer goods or gifts of foreign

* This table is from Wiles, *Problems of Communism*, July–August 1959, p. 37.

exchange for general purposes, and so leaves no permanent memorial. Whereas a Soviet or West German or Czechoslovak steel mill stands visibly there for a very long time, and what is more replacements are likely to come from the country of origin and a two-way traffic in experts is bound to ensue. This, then, is the form of aid from which the most prestige is derived, and China alone of aid-giving countries cannot supply it.

<i>Source</i>	<i>Short loans</i>	<i>Long loans</i>	<i>Grants</i>
U.S.S.R.	—	100-120	I
China	—	—	20
European satellites	—	40-60	0·4
Total	—	140-180	21·4
U.S. Government	417	286	1,342
" " private	—	1,268	15·5
U.S. banking system	459	xx	—
International Bank for Reconstruction and Development	xx	200	xx
International Monetary Fund	562	xx	xx
Other Western Governments	—	450	450
Other Western private	—	o	—
U.K. banking system	711	xx	xx
Total	2,149	2,204	1,807·5

(The symbol “—” means not known, and “xx” means not applicable)

The structure of the Chinese economy being what it is, it sometimes occasions surprise that it should be able to render any aid at all. But this is on reflection a fallacy: aid, to repeat, is not the sale of machinery nor indeed particularly bound up with machinery at all. Aid is the current trading surplus however financed. The basis of it is, then, first and foremost the will to save, i.e. to spare resources to a foreigner who will not at present or will never repay. This will to save is abundantly present in any Communist economy. And when it comes to what precise exports the economic structure of a country makes easiest it so happens that the advanced Communist economies are exceptionally well fitted to supply machinery. For their stress has always lain on producing their own machinery, not importing it, and they have all built up engineering industries big enough to sustain very rapid domestic growth. Curiously enough this is more true of East Germany and Czechoslovakia than of U.S.S.R. itself, which despite a vast engineering industry remains a net importer of machinery. Nevertheless it suffices only to slow down a little the planned rate of growth to release the engineering industry for export tasks, whereas the release of agricultural or light industrial products would be much more painful. Indeed this is exactly what Britain did in 1955, when dear money at home slowed up her investment and therefore her prospects of growth, but released machinery for export and thus helped to restore the balance of payments.

Then again the flurry over aid must not blind us to the superior importance of trade. Whereas U.S. aid runs at around 30 per cent of U.S. exports, Soviet

aid is only about 5 per cent of Soviet exports. So it is by switching trade from country to country that the Communists can make most impression. Thus from 1956 to 1957 Communist trade with the Middle East rose by 58 per cent, while with Latin America it fell by 25 per cent. Moreover a steelworks may stand as a permanent memorial to the country of origin just as well if it was bought outright as if it had been a gift or loan; and the same applies to the resultant two-way traffic in experts. So the flag follows trade as easily as aid, indeed more so for trade is less suspect.

This illustrates an important advantage of planned Communist economies: neglectful of vested interests at home (though these are growing) and hostile to cost comparisons and market criteria, they can switch both trade and aid as politics dictate, while the West can only thus switch its aid. So that although Western trade and especially aid are very much bigger the Communist bloc can still swamp them in a particular country. This once happened in Syria, and is a constant factor, naturally enough, in Afghanistan. Nevertheless the surprising thing is the extent to which ordinary trade considerations dominate, especially in individual transactions. Thus admittedly in very general terms trade is concentrated within the bloc (about three-quarters of each Communist country's trade is so directed); and since 1955 there has been a huge increase within the stable overall proportion of trade across the Curtain, of the proportion going to under-developed countries. Trade with Yugoslavia, again, has shot up and down in sympathy with political vicissitudes.

So far as these things are done it often looks better to do them through the satellites. Thus the first Communist arms sales (to Egypt and Syria) were by Czechoslovakia. Indeed there is an organization in Moscow for the international co-ordination of this kind: the G.U.E.S. or Chief Administration of Economic Relations.* This, it appears, is the body that enables Hungary, in the throes of her post-revolutionary balance of payments crisis when she subsisted largely on Communist credit, suddenly and improbably to appear as a capital exporter in Latin America; or sees to it that one or other Communist country buys the lagging commodity exports of an under-developed country that is to be favoured. Formally the G.U.E.S. no doubt makes proposals only (as a purely Soviet body it cannot command); it is perhaps the Comecon, the international body, that takes the consequential decisions by agreement. Certain it is at least that the Comecon is a fairly genuinely supra-national body in which the U.S.S.R. has no special status and acts as *primus inter pares*. But it is less certain just through what channels the G.U.E.S. does operate. The office is itself semi-secret, and gets virtually no publicity. Nor does the rich publicity now enjoyed by the Comecon ever mention the co-ordinated planning of aid to under-developed countries. Doubtless this is good psychology: the latter are very sensitive to any hint of ulterior motive, and show—when told of it—deep suspicion of the G.U.E.S.

* Since 1 July 1957 renamed State Committee for Economic Relations with Foreign Countries (G.K.E.S.Z.). "State Committee" is a considerable step up from "Chief Administration".

Apart from trade, aid and the loan of experts yet other quasi-economic channels of influence are open. Citizens of under-developed countries are afforded a technical education behind the Iron Curtain, though far fewer than in the West; books of all kinds are exported very cheaply (and here the Chinese excel, for they alone* have cultural affinities with a large reading public overseas); and last but not least direct economic advice is offered to governments. Thus Professor Oskar Lange, a member of the Polish central committee, and others have spent long periods with Professor Mahalanobis in Delhi; and however much Indian civil servants may minimize the influence of Professor Mahalanobis and his guests there are certain Soviet (not Chinese) features in Indian economic planning; the stress on heavy rather than light industry, on large rather than small enterprises and now the encouragement of co-operative farming, also the neglect of foreign exchange reserves and monetary factors generally. The writer is far from disapproving of these features, especially the last and especially since Indian planners have not gone to extremes. It merely seems pointless to deny that they owe something to the Soviet example.

It may be that influence by these channels is greater and more cheaply won than by aid and trade. It is certainly commonly assumed that military aid is the surest of all ways. Communist military aid has been extended mainly to Arab countries, but Indonesia has taken a little and Marshall Zhukov did make a big offer to India just before he fell—an offer which cannot have been welcome in China. Characteristically China has been far more aggressive here. Thus when the King of Iraq was murdered, and an Anglo-American-Jordanian invasion threatened that country, U.S.S.R. made much noise but did nothing, while China offered volunteers. Again China is the only Communist country to have recognized the F.L.N. as the lawful government of Algeria. Of course from her greater distance, and without physical means to deliver her promises, she can afford to bluster. No actual Chinese military aid seems to have crossed the Curtain, not even training missions; whereas Czechoslovak and Soviet arms and missions are to be found in Egypt, Iraq and elsewhere.

Consideration of actual Communist performance may be rounded off by a look at the mistakes made. Some of these are justly celebrated, as when the Soviet Union, in all innocence, broke the tin market with a large unexpected sale, thus getting herself a bad name in Malaya; or the time she delayed her cement delivery to Burma until the monsoon, so that some of the shipment hardened on the quays, and some had to be resold to India at a loss. But Western propaganda makes too much of this, and one finds Western errors of a different sort. Thus Western aid is always made dependent on approval of the purposes for which it will be spent, an approval not lightly given nor without detailed expert investigation. Asians resent this, and cannot see that it is precisely a proof of Western good intentions: a parliamentary democracy has public control over state expenditure, it wants

* One might say that West Germany and Switzerland stood in the same position as the overseas Chinese, but the idea of their being culturally dominated by East Germany is patently absurd.

to know the money is not being wasted, it wants to see that scarce resources are rationally allocated. One may well doubt the bona fides of a government that gives without question. Or again the West makes itself unpopular by giving, not lending, since to receive a gift is to be inferior. True, economically a gift is worth many times as much as a loan, but if the recipients prefer a loan why should we insist?

These are psychological mistakes, made in good faith. The Communists have made curiously few such errors, and in particular their technicians conduct themselves tactfully and well: * better than American technicians at least. But their commercial errors are not all on the minor scale outlined above. What of the resale of Burmese rice and Egyptian cotton, carefully bought on long contracts as part of the Soviet trade drive, in Western markets? This depressed the price for direct Burmese and Egyptian exports, and gave U.S.S.R. the middleman's profit. More serious still was the wholesale cancellation of Chinese contracts in early 1959, when the People's Communes had failed but Peking was unable to accept the fact and adapt its economic plans accordingly; so eventually, just like a British Labour government, it blundered into a balance of payments crisis that a little foresight could have greatly mitigated, and simply failed to deliver promised exports all over S.E. Asia.

Can one really say after that that a Communist market is "crisis-free" as the propaganda makes out? Certainly Communist economies grow rapidly and are free from slumps, and for this all praise to them. But they are by no means immune from sudden shortages of foreign exchange and contract cancellations. Moreover they are politically very chancy. Not every country is in the special position of Yugoslavia, whose trade is simply a barometer of the ideological weather and has been subject to peculiarly flagrant contract cancellations. But what of the Soviet embargo on Australian goods, simply because a diplomat had defected? † Of course the pretence is false that Communist aid has no strings. But outwardly it seems to have surprisingly few strings, and not to have been used for subversion or diplomatic pressure hitherto.

II. THE POLITICAL EFFECTS

WHAT is the true picture? What *is* the "Communist Economic Challenge", very precisely? It might, it seems, be one of several things. First, the mere fact of Communist domestic growth may so impress under-developed countries that they will go Communist: seen from Rangoon or Calcutta, New York is an irrelevant Utopia, but Tashkent and Alma Ata are impressive and attainable goals. Once no better than any other Asian city, have they not raised themselves by their own bootstraps? (As a matter of fact they have not: Central Asia always lived well by Asian standards, and its Soviet development is due to capital drawn from European Russia. Moreover European Russia in its turn was not in any way an under-developed or

* They also charge very low interest rates, doubtless absorbing the difference in the price charged for the equipment: a simple dodge not unknown in the hire purchase field.

† Vladimir Petrov, in 1954.

stagnant economy when the Communists took it over. But these are fine points easily missed in a mass propaganda battle.)

Secondly, by inveigling a country into taking aid and, still more, trade, the Communists can make it dependent on themselves and eventually present an "economic ultimatum" of some such form as "put so-and-so in as Minister of Interior, and turn out your American military mission, or we won't buy your cotton". Thirdly, they can capture the young generation by offering it scholarships in Moscow; indeed they can render a Soviet technical education almost compulsory by first supplying Soviet machinery and promising replacements. Fourthly, they can put the local Party in funds by giving its nominees a monopoly of their trade. Fifthly, they can send in bogus teachers and experts whose real function is subversion. Sixthly, they can buy up, through local nominees, the equities of strategic companies and thus get control of the economy. Finally, and more generally, the glamour of Communist economic progress can be purveyed by propaganda and persuade people to vote Communist. All these possibilities need hard-headed examination. There has been too much loose talk. Without proving the efficacy of some specific mechanism, there is no "Communist Economic Challenge".

Let us first answer these questions in a general way. Has Communism in fact ever achieved power as a result of economic penetration? History is very reassuring on this point. In only four countries in the world did Communism achieve power without a direct foreign Communist invasion: U.S.S.R., Yugoslavia, China, Czechoslovakia. The first naturally could not receive Communist aid; the next two might well have but did not. Tito won with British arms; Stalin helped him not at all (he was indeed hard pressed at the time), and always advised him not to take full power but to form a genuine popular front. Tito owes his present position to his disobedience. Mao won with, it is true, a few arms given him by the Red Army in Manchuria, but mainly with what he took from his opponents. He too was advised by Stalin to make peace, and owes his present position to his disobedience. The fact is of course that Stalin did not want Communists to take power except in the wake of the Red Army, because otherwise his security police could not control them. To the complicated Czechoslovak case we return. Pre- and post-Stalin experience is not less reassuring. Aid to Atatürk simply strengthened the barrier to southward expansion: aid to the Kuomintang in the 'twenties ended in the Canton massacre of Communists. Aid to Syria in 1957 came nearer to success, but at the crucial moment the Baath played their trump card and handed the whole country over to President Nasser to keep it out of the hands of Khrushchev. Aid to Iraq in 1959 came still nearer, but as this is written it looks as if the Communists showed their hand too early, and this adventure is over too.

The Czechoslovak case (Feb. 1948) is really no better. There was a large local party, very well and conspiratorially organized. It received orders (the "Zhdanov line") to seize power. It received no Soviet economic or propaganda aid at all; quite the contrary, in late 1947 Stalin had forced the still democratic government in Prague to abjure all Marshall aid—a move with the most unfortunate propaganda and economic effects for Communism in

Czechoslovakia. But the local Party *did* get military intervention at the crucial moment: for instance the Communist Minister of Information threatened his opponents with a Soviet invasion.*

For completeness we must mention two other cases: the near misses in Guatemala and British Guiana. In both cases there had been Soviet propaganda of a general kind, but no economic aid; and the decisive factor was the superior military force of the anti-Communist side.

Why should we not generalize from this? Communism can seize power if it is a genuine popular movement, or if its conspiratorial work can make up for deficiencies of popular support (the paradigm of this is the Soviet case itself), or if it gets direct military intervention. Propaganda of some kind of course there has to be; ideas are the very essence of the Communist threat. But many instances indicate that trade and aid are neither here nor there. Not even military *aid* matters much. Military *intervention* does, of course, and the mere defence of sheer territory by brute force is quite clearly the most important of all weapons against Communism. This view may seem beligerent, but it is obvious enough and has good empirical warrant. No one will pretend, for instance, that the Communist expansion into Eastern Europe or Central Asia was preceded by the capture of men's minds. That, in so far as it has happened at all, came after the military occupation. Therefore preventing the military occupation was the main thing. *Das Kapital* follows the bayonet.

If then all the West wants is non-Communist régimes in under-developed countries, if it is satisfied with their neutrality, why is it worried by Communist trade and aid? If the order of importance is guns, ideas, rubles, why pick on rubles?

Partly the worry is justified: our luck may not hold for ever, there *may* somewhere be an under-developed people whose imaginations are stirred by Soviet machinery enough to sway their actions; there *may* some time be a local Party whose conspiratorial work is sufficiently helped by funds derived from Chinese trade. There may even one day be a government that trades so largely with the Communist bloc that it cannot resist political demands; though it is difficult to see why it should not, when the demands are made, simply switch its trade to the "capitalist" world market—it is not as if the Communists had a monopoly of anything. But partly too our worry is a relic of imperialist feeling. We feel so sure that these countries cannot manage their own affairs, we like to generalize about their innocence in the ways of the world. We forget that at least they know an imperialist quick enough, and find it second nature to play off one Great Power against another. A country unable to manage a multi-party democracy within will yet have a shrewd grasp of what it must do to preserve sovereignty without. Governments born of violence against the colonial power, and daily maintained by violence against native minorities and oppositions, have a rough idea of what a conspiracy looks like.

* For this and other such threats, cf. H. Ripka, *Czechoslovakia Enslaved*, p. 307. That the threats were made would seem to be established. That the troops would have moved is another matter.

Nor is that all, for though economic time may be against us political time is surely on our side. A State Department official once said: "the bear cannot walk on two legs for long." He might have extended his generalization to cover that stranger and larger animal, the dragon. If Hungary made little impression on Asia, it may do so now in baleful light of Tibet, which certainly made an impression. Yet such incidents are endemic under Communism, and it takes a great deal of aid to wipe out their memory.

Yet when our editors want articles on "The Communist Impact on S.E. Asia" they turn to the Sovietologist! What can he contribute? He is supposed to know about Communism at home, not what this or that free people think of it. It is, then, also a relic of imperialism to think that this whole problem is essentially about what Communists will do, and not about how Asians will react. One may be even more optimistic—how they will make use of Communism? For it *is* possible to make use of Communists and to drop them: Chiang and Kassem have both done it. This party is the most dedicated and disciplined of all parties, but it is not the wisest nor has it the soundest instinct for self-preservation. It makes fearful mistakes, it is theologically committed to a radical misunderstanding of what politics is about, and above all it is basically opposed to human nature. Only exceptionally can it collect a mass following, only exceptionally can it overthrow by mere conspiracy an existing state.

One practical point certainly follows. The West is courting disaster if it tries to put blinkers on such under-developed countries as remain in its power. There is one obvious reason for this: what the imperialists say is bad for you must be good for you—there can be no better pro-Communist propaganda than stopping people going to Moscow. And one that should be in its different way equally obvious.

History does not confirm the view that Asian nationalist leaders go Communist on their visits behind the Curtain. Only two great Asian nationalist leaders, fathers of their people, are Communists. One is Mao Tse-tung, who picked up his Communism in China and never visited Moscow until he was a Communist of long and high standing. And against him must be set Chiang Kai-shek, who spent a long time as a young man in Moscow, and went on to the Canton massacre. The other leader is Ho Chi-minh, who picked up his Communism in France. Still more striking, no single great African nationalist leader is a Communist, not even in Algeria or South Africa.

Even that is not all. It is one thing if Communism makes a deep impression in under-developed countries, or even, less probably, a good impression. But it is quite another for the local party to take power. Communism depends on party membership, and party membership is a discipline, a self-dedication, a priesthood, a way of life. Nkrumah and Nehru and Kassem and Sukarno are not cast in this mould. If they imitate this or that Soviet institution, if they refuse to come off the fence on this or that diplomatic issue, if they take ruble loans, they are doing the best for their nations as they see it. What is more they are probably right. A ruble loan is still a loan, and all mankind should welcome the arrival on the scene of yet another capital exporter, bent with whatever ulterior motives on the abolition of poverty.

As to diplomatic neutralism, no doubt it galls and even shocks us that Pandit Nehru should have a double standard of international morality, one for Suez and one for Hungary. But then he knew the British capital market was open to him whatever he said about Suez, while the Russians would be touchier. Besides he has internal political considerations: to Hungary there corresponds Kashmir, to Tibet the Nagas. Undoubtedly there is still a strong element of convenient Asian blindness about the actions of Communism *elsewhere*. But that sort of blindness is a very ordinary human trait.

The domestic imitation of Communist economic institutions might seem more serious. But minor technical matters, such as an emphasis on heavy industry or on large plants, or a preference for railways over roads, cannot seriously be thought of as subverting democracy, whatever we may think of their economic wisdom. Even major items—collective farming or the total central planning of current output—are the shadow without the substance of Communism. For that substance is, to repeat, political: a single Party dominating all institutions, itself run from above entirely without internal democracy, and constituting for its members an all-embracing way of life. Many economic institutions can in fact be infused with a totalitarian spirit if there is such a party: Tito's free market socialism, Hitler's capitalism. Such institutions have never yet brought about totalitarianism in general or Communism in particular. True, if they are contrary enough to the will of the people only a Communist Party can introduce them. And this is sufficiently proven by the failure of non-Communist countries even to try to introduce such things as the central planning of all current output or the compulsory collectivization of farming; such elements in the Communist programme will never, of course, be imitated.

The more successfully free Asian countries imitate the Communist institutions they happen to admire, the more secure they are against Communism, for they thus prove the party to be unnecessary. If on the other hand their imitation is a failure, most of their citizens will conclude Communism is a bad thing, and only few will draw the conclusion that the party itself must be given power, so as to make the venture a success.

As is well known, Lenin used to say that the Asian colonies were the back door whereby Communism would enter the imperialist citadel: the way from Moscow to London lay through Delhi. This doctrine was in its time an obvious improvement on Marx's original prediction that the proletariat would take power in London of its own accord. It is still held in Moscow. But did Lenin really know what he was talking about? Has experience borne him out? The answer is, go to Delhi and take a look.

MR. DE VALERA'S FAILURE

THE END OF AN ERA

IN St. Patrick's Hall, Dublin Castle, on June 25, Mr. Eamon de Valera was installed with simple ceremony as the third President of the Republic of Ireland, succeeding Mr. Sean T. O'Kelly who had held that office for the maximum period of fourteen years. This event marks not only the end of an era in Irish history, but also the failure of Mr. de Valera's attempt to establish an economically self-sufficient, Irish-speaking, all-Ireland republic. The twenty-six county republic over which he now presides remains economically dependent on Great Britain and English-speaking countries,* but, as the result of his policy, its territory is permanently divided from Northern Ireland. It is therefore somewhat ironical that his election as President should have been hailed by his supporters as the triumphant end of his political career when in fact it marks its total failure. Moreover the same voters who elected him as President showed their utter disregard for his advice by refusing, in the referendum held on the same day, to abolish our present system of voting by proportional representation. Never have the Irish people more clearly told a political leader that he was their servant and not their master. Napoleon once said that the guilty men were the ideologists and the metaphysicians who unleashed the masses without being able to deliver what they promised. Mr. de Valera is of that unhappy company. His political policy has not only failed dismally, but, by encouraging hopes which could not be fulfilled, he has thwarted the natural and peaceful development of Ireland. No Irish leader since Parnell has inspired so much devotion or so much dislike, and none has so deeply and disastrously divided the Irish people. His refusal to accept the Treaty of 1921, on a pedantic quibble as to the nature of the new State's association with the Commonwealth, led inevitably to the Civil War, the memory of which still poisons Irish politics, while his refusal to pay the land annuities to Great Britain was responsible for the so-called Economic War, from the effects of which our economy has never wholly recovered. Even after he entered the Dail in 1927 he continued to condone the criminal activities of the I.R.A., declaring that they could claim the same continuity as a *de jure* government as he and his followers, in spite of their defeat at the polls, had claimed up to 1925. Finally, after he had been returned to power in 1932, a series of outrages and assassinations, culminating in the cruel murder of Vice-Admiral Somerville, forced him to govern or get out. Since that time he has shown commendable firmness in dealing with the I.R.A. and has not hesitated to invoke and use special powers of arrest and detention against them. In this respect he has shown more courage than Mr. Costello. But by his refusal to respond to Lord Brookeborough's request

* Professor Wagner, a well-known linguistic expert, states in the preface to his *Linguistic Atlas* and survey of Irish dialects (just published by the Dublin Institute of Advanced Studies) that "Irish is rapidly dying out practically everywhere despite having been fostered strongly by Irish Governments".

made in February 1958 that he should recognize the Government of Northern Ireland he lost his last opportunity of settling the Partition problem on the basis of an agreement to differ. Such a settlement, which would have enabled North and South, by frankly accepting the *status quo*, to work together for the common good, would not only have crowned his career by an act of statesmanship but have been welcomed by every rational Irishman. It must however, be said to his credit that he has consistently refused to countenance manifestations of religious bigotry. Yet whatever view one may take of Mr. de Valera's achievements, and many views are possible, their ultimate importance cannot be questioned. His election as President thus removes from the Irish political scene its most prominent and controversial figure. As President his main functions will be formal and ceremonial. *Dublin Opinion* has neatly summarized his future in a cartoon which shows him sitting in relaxed ease outside the President's House in the Phoenix Park over the title "Parked"! No one will grudge him his *otium cum dignitate*.

"No" and Mr. de Valera

ALTHOUGH Mr. de Valera was elected President by 120,647 votes this was a far smaller majority than had been expected, and 24,000 of those who voted in the referendum significantly abstained from voting in the election for President. His opponent, General Sean MacEoin, secured an absolute majority in Dublin city, which usually reflects Irish political trends. The election of Mr. de Valera was of course inevitable, not only because of his party's superior organization and his own renown, but also because many voters desired to ensure his removal from the political arena. But the result of the referendum on P.R. remained uncertain until, almost at the last moment, the executive committee of the Trade Union Congress directed its members to vote against the proposed change. That this direction was decisive is proved by the fact that the majority of 33,667 against the abolition of P.R. came from the cities of Dublin and Cork where the trade union vote is strongest. The Government's handling of the referendum was a model of ineptitude and sharp practice. They refused to submit their proposals for electoral reform to impartial examination, arrogantly ignored the veto of the Senate, used patently dishonest arguments, and finally attempted to confuse the people and exploit their emotions by holding the referendum and the presidential election on the same day, exhorting the electors to vote "Yes" and "Mr. de Valera". Such tactics are inexcusable on a matter of such vital importance, and the strong support received by General MacEoin shows that many independent voters resented such shady manoeuvres. The apathy and indifference of the electorate were proved by the fact that only some 60 per cent voted. Some no doubt abstained, or voted against P.R., because they feared it might lead to another inter-party government. No one can have taken seriously Mr. Costello's claim that the Constitution should not be altered without grave reason, having regard to the fact that he himself, in breach of his election pledges and without consulting anyone, suddenly announced when on a visit to Canada in 1948 that Ireland was leaving the

Commonwealth. The question on the referendum ballot paper was tendentious and unfair, the voters not being asked whether they favoured the retention of P.R. but whether they approved of the proposal to alter the Constitution contained in the Referendum Act. A negative vote against P.R. thus appeared as an affirmative. As a result there were 39,363 spoiled votes—a figure never reached before in an Irish election, and in fact larger than the actual majority against the proposed change. As a result of the people's decision the Fianna Fail Party must now face the future not only with P.R. but without Mr. de Valera. The Government will no doubt take the opportunity presented by the coming statutory revision of constituencies to reduce further, if not entirely to abolish, the few remaining four- and five-member constituencies, thus further weakening the effect of P.R.* Because of the decline in the rural population the number of seats in the Dail must in any event be reduced.

The New Taoiseach

MR. DE VALERA, without waiting for the result of the election, resigned his position as Taoiseach, or Prime Minister, on the evening of the election day, and, as soon as the result was known, the Fianna Fail parliamentary party unanimously decided to nominate Mr. Sean Lemass, the Tanaiste or vice-premier and Minister for Industry and Commerce, as Mr. de Valera's successor. On June 23 the Dail duly elected him as Taoiseach by 75 votes to 51. The new Taoiseach has been for many years the mainspring of the Fianna Fail Party's activities. It was he, indeed, who, in order to replace the rapidly disintegrating Sinn Fein Party, first suggested to Mr. de Valera in 1925 the desirability of establishing a new organization; and he has been largely responsible for its success. Mr. Lemass is in many ways the antithesis of Mr. de Valera. While the latter is more pedant than politician a casuist rather than a man of affairs, the former is a realist and a pragmatist. Mr. Lemass's approach to political problems is empirical and he is prepared to take a calculated risk. As Minister for Supplies during the war he did a first-class job under difficult circumstances, and he has done much to develop the Irish Air Service, Irish shipping, the steel and sugar factories as well as the development of electric power from the turf bogs. He was also responsible for the important rural electrification scheme, now practically completed. Although he has heretofore been largely concerned with industrial development he has apparently realized at last that agriculture is our most important industry. It is to be hoped he will turn his energetic questioning mind towards its development although he has no knowledge of agricultural conditions. His primary interest is the country's economic development. Speaking in the Dail on June 3 he said:

The historic task of this generation is to consolidate the economic foundations of our political independence. . . . If we fail in this everything else goes with it and all the hopes of the past will be falsified. If we succeed then every other

* By the Electoral Acts of 1935 and 1947 Mr. de Valera increased the number of constituencies returning less than five members from ten to thirty-one thus reducing the effect of P.R.

national problem, including particularly Partition, will become a great deal easier of solution.

In this task he believes that in a small country like ours private enterprise must be assisted by State enterprise; but he is neither a doctrinaire capitalist nor a doctrinaire socialist, his sole test being "will the project succeed?". He is dynamic, intelligent and shrewd, and his long experience of government should now stand him in good stead if he is prepared to renounce some of his earlier misconceptions. Behind him is the shadow of Mr. de Valera, but influence is based on power and Mr. de Valera as President will have neither the power, nor let us hope the desire, to dictate policy. Mr. Lemass's principal, and most difficult, political task will be to rejuvenate the membership and reorientate the policy of the Fianna Fail Party. If he can accomplish this almost impossible task without friction and disunion he will probably go far; but his time for doing so is short, for a new generation is waiting to take over.

Ireland,

August 1959.

A MIDDLE-OF-THE-ROAD PRESIDENT

CONTINUED POPULARITY OF MR. EISENHOWER

IN American politics, important campaigns begin to exert their gravitational pull months in advance. Already the presidential and congressional elections of late 1960 are beginning to make themselves felt—polarizing the parties, singling out major issues, persuading presidential candidates covertly or openly to announce their intentions.

The termination next year of the benign reign of President Eisenhower, at a time of tension over Berlin and with lengthy negotiations in train with the Soviet Union, would in itself make this a momentous stretch of history. In addition there is the rather large crop of relatively young presidential hopefuls gamboling across the scene, and there is the faint beginning of a crucial debate as to whether the United States shall follow liberal or conservative formulae in expanding its gross national product and fighting inflation in the years just ahead, to give this transitional period special significance.

The United States is indeed in a period of change, not radical but perceptible. Against the comfortable assumptions that the national economy is bounding ahead and prosperity is here again, there are those small clouds on the horizon, no bigger than the federal budget's overbalance, which ask whether the nation's rate of economic growth is not falling dangerously behind that of the Soviet Union, whether the American arsenal of missiles is keeping pace with Moscow's, and whether—domestically—the U.S. is spending enough on education, airports, stopping river-pollution, and urban renewal to keep abreast of a rapidly growing population. In short, is the federal government keeping pace with national necessity?

President Eisenhower is finishing his sunset months of office (sixteen to go) in a mood of zest and activity. He has tried a new device for the dissemination of his concepts of government and good stewardship—by inviting selected groups of newspaper reporters to the White House for a stag dinner and a long intimate evening of discussion.

To them he has confided that his most cherished objective—were he to be granted one final wish in office—is to lower the “plateau of tension” which divides the United States and the Soviet Union. He would like to terminate the cold war and devote at least a few of the thousand millions of dollars spent on armaments to projects of world-wide betterment—the control of malaria, the spreading of nuclear power plants, the wider and wiser distribution of foreign aid.

Simultaneously the President has lately been widely preaching his orthodox financial views—that government must continue to foster a climate “favorable to business”, that the weight of defense spending and foreign assistance programs requires a partial hold-down on plans for low-cost housing and

domestic improvements—because the federal budget must not be unbalanced for long. Mr. Eisenhower accounts himself to be a middle-of-the-road president, no New Deal radical nor yet an arch-conservative harking back to the anti-labor and high-tariff Republicanism of the 1890's.

The President's public popularity as measured by the opinion polls remains surprisingly, even stupendously, high for a Chief Executive in his final months of office. This attests Mr. Eisenhower's personal charm, his reputation for sincerity and honesty in a time of political finagling, and the assurance that the public still feels in having at the White House an experienced soldier and a seasoned participant in World War II's great alliances.

But the general political consensus is that, however satisfying has been Mr. Eisenhower's viewpoint with a large segment of the American public, the next president will be at least slightly to his left in orientation. Certainly the large roster of able, resourceful men who would like to be President looms thus in the political spectrum—all of them.

It can surely be said that Vice-President Richard Nixon and Governor Rockefeller of New York State, the only visible Republican contenders, and Senators Hubert Humphrey of Minnesota, and Lyndon Johnson of Texas, and John Kennedy of Massachusetts, as well as the twice-defeated candidate Adlai Stevenson, all have their eyes to the future. Each has done substantial thinking about the problems the United States faces and will face.

None of these men wishes, to use the apt phrase of Joseph Alsop, the columnist, "to row back up the river of time". None is anxious to turn back the clock, to argue for isolation, or to suggest that the government of a burgeoning republic of 177,000,000 citizens can be as small or unconcerned for the general welfare as was government in the pre-depression years of President Calvin Coolidge.

A Leaning towards Intellect

THERE have been presidential campaigns in the fairly recent past when only one or two candidates seemed at all outstanding. But a touchstone concerning today's candidates is that they all have drawn, or would draw, on the nation's intellectual resources, more so than has President Eisenhower, who has sought both administrators and concepts primarily from the business community.

Consider Vice-President Nixon. He declares, as quoted in the recent Nixon biography by Earl Mazo, the political reporter, that Republican administrations need a broader intellectual base: "We have not called enough on our educational leaders, the so-called eggheads."

In the Democrats' Senate list of presidential candidates, each seems to have a private brains trust which serves up ideas, proposals for the nation's future, material for speeches provided by research. Senator Johnson, besides running the Senate as Majority Leader, finds time to confer with a host of deep-thinking visitors who pass through Washington, and to come forth with proposals for a space agency, and an international university center in Hawaii.

As for Governor Rockefeller of New York, he believes that governments

should think ahead at least five years. He actually has some twenty-seven task forces or commissions engaged in purposeful study of New York State's outstanding problems. One is examining the financing of public education, another the protection of civilians from radioactive fallout, another the nation's most challenging traffic problem—getting office workers daily in and out of metropolitan centers.

Nearly all of the current crop of White House candidates are men who, whatever their political allegiances, want to see the United States live up to its highest potentialities.

While the candidates seem thus in tune with the future—with Mr. Nixon perhaps the most conservative of the lot and Senator Humphrey the most extremely liberal—the two political parties are busy staking out their stances, their platforms, for next year's campaigning. And there is particular confusion and disharmony among the Democrats.

The Republican National Committee has set up a special committee headed by Charles Percy, an energetic young movie-camera manufacturer from Chicago, to hammer out a set of Republican principles which will animate and enthuse the electorate. Harmonizing the divergent views of right and left wing within the G.O.P. has proved no easy task, and it is not certain whether a powerful campaign document will really emerge.

But the Democrats are in deeper difficulty—split between the Democratic National Committee and the Democrats who control Congress as represented primarily by Senator Johnson and House Speaker Sam Rayburn, also of Texas. The Democratic National Committee, holding that the party should manifest national unity and adhere to its historic progressive traditions, two years ago established the "Democratic Advisory Council", to be composed of party bigwigs throughout the land, with a leavening of Congressional representation. Membership was to embrace such people as Adlai Stevenson, the former President Harry Truman, and Mrs. Eleanor Roosevelt—all strong liberals—on one side, and the Congressional leaders on the other.

The Johnson-Rayburn team refused to join the Advisory Council, however, so it has remained and functioned as a rather strongly liberal aggregation of non-office-holders, accused of being the tail that seeks to wag the Democratic dog. But the Council members reply, and rightly, that they do represent more nearly the diverse national interests of the Party—Labor, the big city minority groups and the party intelligentsia—and that they also are closer to the Democratic Governors among the several states, who have more influence than have members of Congress when convention time and the choosing of the presidential nominee roll around.

Unsurprisingly, the Democratic leadership in Congress has—again this year as last—cooperated rather widely with the Eisenhower Administration in moving midroad rather than radical legislation through the legislative mill. This has left frustration among the ranks of northern liberal Democrats—and the Democratic Advisory Council—who argue that the party should be thinking of its "record" for 1960 and sending unmistakably liberal legislation—a big housing Bill and a program of federal aid to education, for example—to the White House for presidential approval. This the

Democratic-controlled Congress should do, the liberals proclaim, even though Mr. Eisenhower scuttles such legislation by the use of his presidential veto power.

But even before President Eisenhower, by use of his veto, knocked out the housing Bill which the Democrats had offered him, Senator Johnson had announced that it would be the purpose of Congressional Democrats to develop a program of moderate legislation and thereby build a record of "positive accomplishment", rather than simply offer extreme-liberal legislation which the President would automatically reject. The public wants a record of legislation passed, not a record of Bills vetoed, Mr. Johnson reasoned.

Prosperity and the Dollar

THE upshot of it all has been that President Eisenhower has pretty much been having his way with Congressional legislation. The Democratic leadership, rather midroad-minded itself, is "cooperating". The Advisory Council Democrats—and other northern Democrats outside Washington—have been complaining loudly that a party which won vast majorities in Congress in 1958 has abjectly retreated before a president who should be waning in power in these final months of his term.

But there are several explanations for this political unorthodoxy. For one thing, the nation is prosperous, as has been said, with personal income at unprecedented volume and the stock market touching all-time highs recently. The public is not in the mood for radical legislation. There is no "one-third of the nation" visibly ill-housed, ill-fed and ill-clothed, as was the case in the Roosevelt era, although there are a few serious pockets of unemployment. Again, there is the fact that although Democratic Congressmen came to Washington in hordes in 1958, the party still does not possess enough northern liberals to overthrow assuredly a presidential veto. (Senate and House can override a presidential veto only by a two-thirds vote.) Southern Democrats, sometimes as conservative as the most deep-dyed Republicans, frequently vote against the views of their northern liberal brethren.

But there is still another factor, the most important of all. It is that President Eisenhower has at long last unveiled a powerful domestic issue—one which just might win the presidential election next year—the issue of the "sound dollar". One might also label it the issue of the balanced budget, or "anti-inflation".

Never in his seven years of campaigning has the President found a way to "rub off" some of his personal popularity on to his party. But the whole nation seems currently to feel strongly about maintaining a "sound dollar"—about battling inflation, about maintaining a balanced federal budget. And so one sees the spectacle of the Democratic leadership in Congress, with a wetted finger in the wind, suddenly abandoning the big-spending Bills which it had offered a year ago when the country was just emerging from recession—and anxiously aligning itself with the President.

Indeed one finds Senator Johnson proudly announcing that the Democrats have trimmed more money from this year's appropriation Bills than have

the Republicans. Big spending is simply not popular. The public in general equates it with an unbalanced budget and hence with inflation, and the cost-of-living index has risen steadily, albeit slowly, for so many years now that housewife and wage-earner are really concerned.

A recent Gallup Poll, paradoxically, avows that the public believes the Democrats are more in earnest in fighting inflation than the Republicans, but the Democratic scuttle-and-retreat in Congress shows how gingerly they are seeking to avoid the label "budget-busters" which the Republicans are eagerly trying to pin on them.

This "sound dollar" campaign plank is a "natural" for Mr. Eisenhower. He feels strongly, personally, about inflation. Government and financial colleagues whom he profoundly respects, including Secretary of the Treasury Robert B. Anderson and Federal Reserve Chairman William McChesney Martin Jr. feel likewise. A "sound dollar" is one of those simple, elemental objectives which nearly everyone favors. Millions of white-collar workers, people with fixed incomes, with insurance policies and pensions, fear what inflation can do to them. It could happen that both parties will array themselves as champions of the balanced budget, the sound dollar, and the battle against inflation. Few candidates will wish to get caught on the wrong side of this "pocketbook" issue.

Yet there is an opposite argument, sounded mainly by minority voices in the Democratic Advisory Council and by a few "liberal Democrat" economists such as Leon Keyserling, who was Chairman of the Council of Economic Advisers in the Truman Administration.

Very briefly stated, their argument is that the Administration has been following a basically wrong economic course; that it has been trying so hard for financial stability and a curb on inflation that it has sacrificed growth. This it has done, allegedly, by tackling inflation mainly through high interest rates—making money "hard to get" and hence damping down investment in the future. It is argued that these policies already have produced one recession and may "top off" the present boom soon and generate another slump in business and industry.

The Soviet Competitor

THESE critics from the Keyserling school worry that the average rate of economic growth in the United States is now down to 1.3 per cent (a few experts say 3 per cent), whereas the Soviet annual rate of economic growth is variously estimated as ranging from 5 to 8 per cent. They cite the presumably impartial economists of the United Nations who forecast, in their latest annual economic survey, a possible slowdown in the rate of American and world recovery, due to United States Government policies of tighter credit and reduced expenditure.

Is it possible to combat inflation without repressing economic growth and expansion? The Eisenhower Administration contends that it is; the opposition school says "no". Critics reproach the Eisenhower "complacency" on this point as being as perilous as Defense Secretary Neil McElroy's

acknowledgement that the Soviet Union will have a three-to-one superiority over the United States in intercontinental ballistic missiles in three years.

Throughout the United States there is a basic, if sometimes dim, awareness that this country is engaged in a tremendous competition with the onrushing Soviet giant. Can the United States maintain its lead in economic production, an equality in missiles and defense measures, and a parity in scientific achievement? Here again the Eisenhower Administration has set a middle course, which aims at moderate increases in the training of scientists, and an ultimate equality with the Soviet in guided missiles, though there will be an interim period when the hazardous "missile gap" will loom large—the gap of several years before the United States will have caught up in long-range rockets.

Meanwhile Edward Teller, the H-bomb scientist, flatly declares that "ten years from now Russia will be the unquestioned leader in the scientific field". And a *New York Times* survey predicts that "if present trends continue, ten years from now the Soviet Union will lead the United States in many broad areas of science and will be far ahead of this country in terms of trained manpower".

There are other experts who dispute these dire forecasts. The real question, perhaps, is whether in the forthcoming election campaign the candidates and the parties will come to grips with the challenges of the future—the missile race, the problem of growth versus inflation, and the adequacies or inadequacies of housing, schools and America's physical equipment in general.

Meanwhile the United States generally has applauded the Soviet tour of Vice-President Nixon and admired his boldness in public debate with Premier Nikita Khrushchev. Editorial opinion has suspected that Mr. Khrushchev himself rather enjoyed the encounter with someone who was not at all timid about speaking up. There has been little pretense that Mr. Nixon's was a diplomatic mission—a venture designed to discuss Berlin settlement terms with the Soviet Premier. But most certainly it was one more of those forays in what might be termed the "new diplomacy" of these years—the persistent efforts by which one country seeks to influence another country by means of visitations, cultural exchanges, handshaking, public debate, television appearances and informal talks.

Out of the Nixon trip has come, interestingly enough, a somewhat revised opinion of Mr. Khrushchev in the top echelons of the Washington government. He is no longer considered a madman likely to plunge the world heedlessly into war; rather is he considered a shrewd man though not necessarily a man of wisdom, pragmatic though not always balanced, understandably proud and sensitive, but willing to learn. It is in this changed outlook that the view has grown that it would do no harm and might be helpful if Mr. Khrushchev did indeed visit the United States and if he did talk directly with President Eisenhower, at the summit or elsewhere. After all he does not seem to trust wholly the reportings of Foreign Secretary Gromyko, whom he has privately called "that office boy"; better then for the President to talk world policy face to face with him.

The President does not object to a summit meeting; his heart is deeply engaged in the struggle for peace. But to make the long searches necessary

for charting new economic policy in this leading capitalist state, to discover ways to keep solvent while still doubling the education budget and graduating sufficient scientists, to stiffen the Pentagon's missile quickstep into a forced march—these efforts seem beyond the abilities of an aging Administration.

With prosperity so evident on every hand, with the combination of missiles and jet bombers still sufficient to hold aggressors at bay, the United States is most certainly not stumbling toward decay and ruin. But the long-term posture is the important thing. One of the advantages of the two-party system of government is that while one party is presiding over the present, the other can begin to explore the future. Perhaps the Democrats and their young candidates can grapple successfully with tomorrow. Perhaps it will be Messrs. Nixon or Rockefeller of the Republicans. The big job is waiting to be done.

United States of America,
August 1959.

COMMUNISM IN THE U.K. TRADE UNIONS

AN INTERIM REPORT

(from a Trade Union correspondent)

WHAT plans are brewing in the Communist cauldron for the next campaign on the trade union and industrial fronts? Over the past twelve months, during which many elections for key union posts have taken place, in engineering and building the Communists have met with serious reverses. Added to these setbacks they have lost many leading trade union figures through resignation and others through superannuation. Advancing years, for example, account for the retirement of a leading Marxist, Mr. Jim Gardener, from the General Secretaryship of the powerful Foundry Workers Union.

On the other hand the Communists have again captured the key position in the miners' union, that of General Secretary, in the person of Mr. William Paynter, a more aggressive-natured Marxist than his Communist predecessor, Mr. Arthur Horner, whose recent outburst against the Hungarian executions shook the party and hazarded his foundation membership card. No doubt a lesser man than Arthur Horner would have incurred the wrath of the party and finally expulsion. Every anti-Communist prophesied this, but with Mr. Horner on the eve of union retirement, and with Mr. Paynter in the field, it was a masterpiece of tactics by Mr. Horner's leading comrades to have let the incident pass. As usual the Communists appear to have reasoned that, the miners being human and like most people having short memories, it was more important to get Mr. Paynter in the saddle to carry on where Mr. Horner left off. This they have accomplished and it serves as one more lesson of Communist tactics, and how those who want to defeat them must stand up to it.

While this is the case the fact remains that the Communists view their setback in other industries probably more seriously than their victory in the coalfields. Although they make inflaming speeches offering false hopes to Britain's miners, there is little doubt that they reckon the miners' union to be on the defensive, while in the field of engineering, especially car manufacturing, where they sustained losses, these industries could be organized for militant action.

These defeats of Communists in our key industries are a good sign in themselves but establish no case for complacency, or misunderstanding of Communist intentions, tactics and strategy. For example, Mr. William Carron, an orthodox, trustworthy trade unionist, won a resounding victory over his Communist opponent Mr. Reg Birch for the key position as President of the 800,000-strong Amalgamated Engineering Union. Nothing could be more

important to peace in Britain's key industry than this defeat of Mr. Birch, but there is a paradox in the situation. The fact is that, while the members rejected Mr. Birch as their president, they followed him unreservedly at the union's annual delegate conference. Mr. Birch won hands down, especially when he clashed with Mr. Carron on excessive demands for shorter hours and higher wages. So did the Communists really lose after all? The lesson here surely is that the defeat of Communist candidates for top union positions to serve the best interests need to be reflected in a more active and responsible rank-and-file leadership in the branches. For here is where policy begins, and here the Communists have turned defeat into victory.

These top union leaders who have defeated the Communists must not accept their position as merely personal. To do so would be opportunist and short lived: the Communists would see to that. When elected they have a duty to take the necessary steps to make immediate and regular contact with the rank and file at the branch level, to keep the members informed on what is going on in the union, and to concentrate on more and more education for the members in order to bring the factory worker into greater intimacy with the changing scene of industrial events, to develop new techniques in factory consultation and so on.

In the Electrical Trade Union, as seems apparent from the proceedings of its recent annual delegate conference, their Communist leaders will continue to dominate the scene. The efforts of sections of the rank and file to change the position have met with a serious rebuff, with lessons again to be learnt. No one can say that the T.U.C. intervention on the question of election rigging and trade union prestige was anything but half-hearted and timid. The timid phraseology, coupled with the procrastinating manner of the chain of correspondents must have served as a serious setback to the anti-Communist forces, and played into the hands of the Communists, who were provided with ready-made replies, and given the time they needed to get their house in order in preparation for the annual conference. This they did and the moment they felt assured blasted the press with threats of more pay or guerrilla strikes.

Here is another example of turning what seemed like defeat into victory. What influenced the delegates against all the evidence, which was strong enough to have at least brought the Communist leaders to book? It may well have been the large cash grants made by the Communist leaders to the Labour Party's election victory fund. This was good tactics on the Communist part, and no doubt remained in many minds overshadowing points such as election rigging, abuse of funds and intimidation of other members.

It seems quite clear now that the Communist-dominated Electrical Trade Union becomes the British trade union movement's greatest problem: with the two Franks, Foulkes and Hascall, tightly entrenched in a more aggressive mood than ever.

The outcome of this spells trouble for the British electrical industry, its shops and power stations. The workers and management must be on guard where the blows will be struck. More interested members must rally to those forces within the union which are straining might and main to do some-

thing about it, and if the T.U.C. really wants to do something about these charges, then it must take those sections of the membership into greater confidence and consultation.

Demonstration by Mr. Cousins

WHAT has emerged from the mammoth Transport and General Workers Union Conference which met at Douglas in the Isle of Man is a policy not only destructive in itself, but more dangerously so because this great trade union under the leadership of Frank Cousins, by his declarations and contempt of national interest, has virtually destroyed the foundation of principle upon which this union built both its prestige and its colossal membership.

The late Ernest Bevin and Arthur Deakin, both predecessors of Mr. Cousins as General Secretary, pledged their personal integrity by and built their influence upon, the solemn vows that they would never be party to exploiting the power wielded by a million and a half work-people by using it against the national interest.

Therefore apart from the analysis of what Mr. Cousins's policies can mean for the workers in terms of jobs with bread and butter, the entire labour movement must now be prepared to reckon with a powerful force with an overwhelming block vote, which has changed from a constructive to a destructive power.

This trend was evident during the London bus strike when Mr. Cousins went out of his way in an endeavour to involve eight million trade unionists. His Isle of Man policy has reaffirmed his position as Britain's top militant, seeking class warfare in the industrial and political fields. It is only a few years since the Communists, capturing many key positions in this great union, set out on a policy to divert the power of the union to a course of industrial disruption unprecedented since the days of the General Strike. Great sections of British commerce and life were paralysed by waves of strikes affecting our docks and transport system. All these strikes were part of the general strategy to bring Britain down and were synchronized with strikes in the car and engineering industries.

Realizing the consequences of such a subversive policy, which was mainly pursued by unofficial means, the late Arthur Deakin accepted this challenge, which was destroying his union as well as the country, and was a big enough man to defeat it by winning the support of his 800 delegates against it. The rot was stopped and the union breathed again.

What the Communists failed to do is it to be said that Frank Cousins will accomplish? If so, and the trend goes on, who is big enough to stop him? His demonstration at the Isle of Man on the issue of the atom bomb reflected the attitude of a leader who is being led by the nose by people outside his own union with no idea of what it means when a person has to talk and act for the welfare, well-being and safety of a million and a half human beings. Such a trade union representing such an army of citizens should only act with both feet firmly on the ground, and talk with its head turned in one direction only, towards the national interest of the country. If Mr. Cousins

is so perturbed or motivated by his conscience on this issue of the atom bomb in relation to British defences, then let him give the members equal opportunity of exercising their individual conscience by a referendum of the entire membership. The odds are that the outcome would be a crushing defeat for the policy of Mr. Cousins. It is possible to sway a delegate conference of whom far too many like to play follow-my-leader for personal reasons, but individually the members have more time to think and reflect.

On this issue apart from others Mr. Cousins has strong opponents, for example, Mr. George Brown, Defence Minister in Labour's Shadow Cabinet. If Mr. Brown was half the personality of Mr. Deakin he would accept this challenge to the authority and national concept of this greatest of all unions in Western Europe. The late Arthur Deakin faced greater odds and adversity with Communists all around him, but triumphed because he had to. The issue of Britain's defence can be of no less urgency.

The policy emanating from Mr. Cousins at the Isle of Man conference is twofold. First, he clamours for more dislocation of Britain's growing industrial prosperity by demanding more nationalization, secondly, to synchronize with this industrial upheaval he demands that Britain be stripped of her major deterrent weapon of defence, consequently reducing the status of Britain economically at home and politically abroad. It is quite evident that so long as Britain's largest trade union plays this sort of rôle it will meet with approval from the Communists, who do not propose to disturb the situation yet by demanding the right of office in the union.

To be acceptable to the labour movement, better Frank Cousins should do this than Harry Pollitt, or even Frank Foulkes, the president of the powerful Communist-dominated Electrical Trades Union, whose conference was timed just before Mr. Cousins's, but which left Big Frank of the Big Union to set the bull a-roaring. It is not without significance that although some of the unions under Communist influence did not force a Cousins-atom-bomb-policy resolution, they are now clamouring for recalled union conferences to do so. It is now for eight million trade unionists to be on guard and vigilant against the Communist manoeuvres which will take shape in their attempt to exploit the weakness of Mr. Cousins's emotions for ends far beyond the reckoning and understanding of even Frank Cousins himself.

UNITED KINGDOM

TOWARDS THE POLLS

THE Prime Minister is still keeping his own counsel at the time of writing, but there is scarcely a member of the Commons who does not believe that all the probabilities point to an autumn election. Officially the session (the fourth of this chequered Parliament) stands adjourned until October 22, when members will reassemble for prorogation. Then, according to Mr. Butler's announcement, the new session will begin on October 27. But these arrangements so little convinced the Opposition that immediately before their dispersal at the end of July they honoured Mr. Herbert Morrison and twenty-two other party veterans who have decided not to stand for re-election, after a total of 532 years of parliamentary service. Nor did the Commons allow the last day of sitting to pass without informally acknowledging the service of Mr. W. S. Morrison, the Speaker, and Sir Charles MacAndrew, the deputy Speaker and Chairman of Ways and Means, who are also retiring. All this served to show what is in the minds of politicians. And if the outside public had any doubts about the imminence of the general election they would be somewhat dispelled by *The Times*, which marked the adjournment of Parliament by publishing an obituary leading article.

There are indeed cogent tactical reasons why Mr. Macmillan should decide against letting his lease run to its limit next June. Both Parliament and the country are now in the frame of mind for a general election, as they clearly were not last May; the Ministry have come to what looks like the logical end of their 1955 mandate; the Government's stock, after some abnormal ups and downs, now stands higher than the Opposition's on the evidence of both the opinion polls and the constituency reports to the Conservative Central Office; if Mr. Macmillan held on from November to May there is little that the Government could do legislatively to improve their standing, although they would be exposed to the electoral danger of an adverse turn of events at home or abroad; and there is always something to be said for springing a general election when for two holiday months the Opposition have been denied the sounding-board of Parliament for their attacks upon the Government. In short, the only conceivable argument for delaying the dissolution would be some unpredicted and unpredictable development in foreign affairs, which might set an exceptional value on continuity of Ministers and policies or which might give promise of singular electoral advantage.

In a general election that came during the autumn the Conservative Party would have at least a sporting chance of completing the "hat-trick", although they could scarcely hope to keep intact their present clear majority of 55 votes in the Commons. It is plain that the struggle will be decided in about 50 seats where the Conservatives are sitting tenants on low majorities; and the appearance of some of the 218 Liberal candidates in these constituencies, even though Mr. Grimond has been giving Liberalism increasingly strong

doses of radicalism on nuclear and colonial questions, will not make easier the task of holding on to everything the Government now possess.

To say that the Government have at least a sporting chance of renewing their mandate at the polls is to mark the extraordinary recovery that Mr. Macmillan and his Ministry have made in popular esteem during the last 30 months. Mr. Macmillan came to the leadership when the Government had squandered much popularity and public confidence in the ineffective resort to force at Port Said; and during his first year at 10 Downing Street the demoralization of many Conservative supporters in the country was continued by the resignations of Lord Salisbury and then of all three Treasury Ministers. His first autumn as Prime Minister brought an economic crisis, with the threat of runaway inflation; his second autumn brought what the Opposition encouraged workers to believe was the beginning of runaway unemployment. Now, as he enters his third autumn in office, the Government may claim that inflation has been arrested and brought under control for the first time since before the war; that the cost of living has been held steady for more than a year; that the balance of payments has never been more favourable since the 1930's; and that unemployment has been brought back to the tolerable "full employment" level of around 2 per cent of the working population. Meanwhile, Mr. Macmillan has gone a long way to repair Anglo-American relations that had been injured by the Suez military operation (although the Government's relations with France and Western Germany have deteriorated); and by his visit to Moscow he has made a deep impression at home as the boldest venturer on the Western side in the pursuit of an agreement to live and let live with the Russian leaders. In short, after the worst of starts, the Prime Minister has restored the morale and the will to win of his Ministry and rank and file; bought time in which the Government's and the party's reputation could recover from the damage of 1956 and 1957; and on the whole, even when ill luck joined with questionable judgment, he has managed to deny the political and parliamentary initiative to Mr. Gaitskell. At the beginning of 1957 and for some time afterwards Labour politicians were predicting that the Government could not stay in office very much longer, and that the general election would bring another landslide at the polls like 1945. Today there are many sound Labour judges who would hesitate to say that they will win by even a small majority.

For the Conservatives, there are two main reasons for doubt. First, the belief in the swing of the pendulum dies hard in British politics, and there are many shrewd observers who say that the electorate will decide in a quiet way that the time has come for a change, almost for the sake of a change. Secondly, Ministers are not yet sure whether enough time has passed for the electorate to forget or forgive either the launching or the ineffectiveness of the Suez operation. The Government's sensitiveness on this subject showed itself when the reports on the Nyasaland disturbances and the deaths of eleven Mau Mau detainees at Hola Camp in Kenya appeared. Would all this revive the impression of a government too prone to the use of force in a world where all sensible governments must learn to move warily?

Until the votes are cast and counted it is impossible to be sure about the

Conservative Party's present electoral image. But we may be sure that the Labour image is not without blemish, either.

Policies and Personalities

TODAY, as in 1955 and in 1951, the problem of Labour is to give the electors, particularly those on the move between Right and Left, a convincing impression of unity. It is true that almost everybody outside the party is apt to make the mistake of magnifying the destructive effects of Labour's internal dissensions on policies and personalities. In fact, there has rarely been a time when Labour has not seemed to be fatally riven on one issue or another (usually defence and foreign policy), partly because it is historically a movement of protest and dissent; partly because its constitution vests much authority in the mass decisions of conference and thereby encourages minorities to intrigue and campaign for their views; and partly because it is more doctrinal than the Conservative Party. Mr. Gaitskell and his closest colleagues, then, may well be the best judges when they say that the seriousness of the present split within the party on nuclear weapon policy may be much exaggerated by those who know least about the sectional composition and the dissenting ethos of the movement. Nevertheless, we have the word of Labour commentators that the election in 1955 may have been lost because the voters had withdrawn confidence from a party that had been confused and embittered by an internal dispute between the leadership and the Bevanites.

The present split began to show itself as a danger to Mr. Gaitskell at Easter, when Mr. Frank Cousins, the leader of the Transport and General Workers' Union, joined with Mr. R. Willis, the chairman of the T.U.C., in supporting the rally of the nuclear disarmament campaign committee in Trafalgar Square. About the same time Mr. Anthony Greenwood argued for a switch in party policy to unilateral renunciation of nuclear weapons in the national executive committee and in the Shadow Cabinet of the Parliamentary Party. The Labour leaders did not act urgently. They decided to review their declaration of March 1958 on disarmament and nuclear weapons, which was adopted at the party conference in October 1958. This proposed a general disarmament agreement, including a declaration banning the use of all nuclear weapons. Mr. Gaitskell and his senior colleagues were still making their reappraisal of this policy (which had been politically outflanked by both Mr. Macmillan and Mr. Grimond) when they were shocked by the conference decision of the National Union of General and Municipal Workers on June 4 (since expediently reversed at a second conference called for the purpose) demanding the unilateral renunciation of nuclear weapons. No such aberration had been expected from this quarter, for the G.M.W., under Sir Thomas Williamson, has for years been the sheet-anchor of the party's Right wing and the firm foundation of the party's "Establishment". And within a month Mr. Cousins, whose sympathies had been revealed in Trafalgar Square, would be giving a lead to his union, the largest in the country and the disposer of one in six of all the votes cast at the Labour Party's annual conference.

The Labour leaders now acted with great urgency, and a new declaration on disarmament and nuclear weapons was hastened in the drafting, agreed separately by the national executive committee and the general council of the T.U.C., and presented as an accomplished fact to the members of the Parliamentary Labour Party. To say that the new declaration was designed to paper over the cracks and base the movement from Right to Left on a compromise is not to imply any lack of sincerity or seriousness in Mr. Gaitskell and his chief lieutenants. The principal new proposal had to do with a non-nuclear club. Here is Mr. Bevan's version of it:

To try to prevent the appalling danger that will follow from more and more nations holding tests and trying to make the bomb, Labour proposes that the Government should invite all the nations not yet possessing the bomb to join in an undertaking not to try to make it. Under this agreement, each nation would pledge itself not to test, manufacture or possess nuclear weapons, and the agreement would be subject to full and effective international controls to ensure that it was carried out. The Government should be prepared to announce now that, if such an agreement could be successfully negotiated, Great Britain would not only cease the manufacture of nuclear weapons but would also deprive herself of their possession. The consequence of this would be to put Great Britain on the same basis as all the other nations that do not yet possess the bomb. . . .

As the statement says, all the arguments which prompted us to make our British nuclear weapons can be used with equal force and validity by the French and Chinese, for example, for producing their bomb. . . . Furthermore, important questions of prestige are involved. Countries may find it easier to forgo their right to possess nuclear weapons if other countries, including Britain, are prepared to do likewise. . . . A British offer might be a key factor in reversing this race to destruction.

But, when he reached the Isle of Man for his union conference, Mr. Cousins had not been persuaded to toe the line. He directly challenged the leadership of Mr. Gaitskell and led his men in a vote for unilateral renunciation of nuclear weapons. Nor was that all. Mr. Cousins aligned himself with those who would deny nuclear bases in Britain to the United States. So yet another battle on policy and personalities had opened within the Labour movement, and Mr. Gaitskell took the first opportunity he had, in a speech at Workington in Cumberland, to remind Mr. Cousins that no one man could dictate what a democratic party's policy should be. He also argued passionately and courageously that any British Government must stand loyally by its N.A.T.O. obligations if peace is to be kept.

Thus, the Labour movement is once again in turmoil with a general election imminent. The new declaration stands as party policy unless it is overthrown at the annual conference due in October; and the chances are that the full conference will have to be cancelled because it would fall in the election period. It cannot be said that the party are entirely happy with the new policy. The Left-wingers continue their fight for unilateral renunciation; the Right-wingers have little faith that France and China will be agreeable to enter the non-nuclear club; and the Centre accepts the new declaration out of the desire for party unity rather than out of intellectual conviction. Yet it may be significant that senior members of the Government are treating the

Labour Party's internal struggle with care. They do not scoff or dismiss it as nonsense; and this suggests that Mr. Macmillan and his colleagues are aware that no politician would win popular favour if he suggested that controversy about nuclear weapons is not a respectable thing.

But there certainly seems to be a risk that the Labour Party will go into the election presenting a very blurred picture of its views on questions that are fundamental to defence and foreign policy.

Colonial Troubles

THE concern about African colonial problems that may now be seen to have dominated the last session of the Imperial Parliament reached a climax just before the Houses adjourned. In five days of sitting there were five major debates on three African subjects: the Devlin commission's report on the Nyasaland disturbances; the disciplinary findings on the deaths of eleven Mau Mau detainees at Hola; and the government announcement that an advisory commission is to be appointed in the autumn to prepare the ground for the constitutional review of the Rhodesian Federation next year. On all these subjects the Government in general, and Mr. Lennox-Boyd, the Secretary of State for the Colonies, in particular, were exposed to severe attack from the Opposition, and for a few days some of the newspapers were speculating on the resignation of Mr. Lennox-Boyd.

The Devlin commission of enquiry, who had the task of reporting facts and not of making recommendations, concluded that the growing excitement and outbreaks of violence in Nyasaland in February compelled the Government "either to act or abdicate". They thus justified the Governor's declaration of a state of emergency. But they acquitted Dr. Hastings Banda, the African Congress leader, of intending widespread violence and they failed to find any detailed plan for massacre and annihilation of the sort described in the Commons by the Colonial Secretary and Mr. Julian Amery, his Under-Secretary. (Mr. Amery is a son-in-law of Mr. Macmillan.) They criticized acts committed in executing government policy: the burning of houses in the Mlanje district only, "initiated by the D.C. on his own responsibility"; the confiscation of implements by an officer in command of troops; the use of unnecessary force in making arrests; and the illegal use of force in villages "expressly or impliedly authorized from the top". They also made this devastating comment: "Nyasaland is—no doubt only temporarily—a police state, where it is not safe for anyone to express approval of the policies of the Congress Party, to which before 3rd March, 1959, the vast majority of politically-minded Africans belonged, and where it is unwise to express any but the most restrained criticism of government policy."

A dispatch written by Sir Robert Armitage, the Governor of Nyasaland, during an urgent visit he made to London, became the basis of the government reply to the commission's hostile findings; in fact, it was written with the help of the Colonial Secretary himself at Chequers. The Governor expressed satisfaction that the two most important conclusions vindicated the Government's action: that the Government had to act or abdicate and that the situation was the result of the adoption of a policy of violence by the

Nyasaland African Congress. But much of the detail of the rest of the report was unacceptable, particularly the denial of the existence of the murder plot and the assertion of the innocence of Dr. Banda. The Governor ended his dispatch:

Through good intelligence, and prompt action with sufficient forces, a serious threat has been averted and law and order have been restored. This has not always been the pattern in other dependencies since the war; and where intelligence has been deficient and decisive action delayed, a much higher price in life and freedom has been exacted. I take this opportunity again to pay a whole-hearted tribute to the way in which all ranks and all races in the security forces did their duty.

In the motion they tabled for the Commons debate the Government did not in so many words reject the Devlin report, but they selected for acceptance those parts of it which were favourable to them, ignored the hostile criticisms, regretted the loss of life, acknowledged the prompt and effective action by the Governor, and expressed gratitude to the Administration and the security forces. That summed up the stand taken by Mr. Lennox-Boyd at the dispatch box. Similarly, the stand taken by the Opposition was summed up in an amendment that asked the House to accept the report. The Government had a majority of 63 votes, which surprised nobody. The Devlin report certainly never promised to provide an issue to test the loyalties of the ministerial rank and file.

Most observers would agree that the permanently valuable section of the Devlin report is that which discusses the origins of the unrest that ended in the state of emergency in March. It shows that the Government's insistence on the inclusion of Nyasaland within the Rhodesian Federation had opened a gulf between the Government and the Nyasa people, and thus confirmed the view of an all-party delegation from Westminster that reported in January 1958, to the effect that the Africans feared that Federation would cause their land to be taken away by Europeans.

Mr. Gaitskell and the Labour Opposition have in recent months been far more alive to this African opposition to federation, and in consequence they have not so far committed themselves to support of the advisory commission to prepare the ground for next year's constitutional review. Mr. Macmillan, after his meetings with Sir Roy Welensky in July, chose a compromise. Mr. Gaitskell wanted a purely parliamentary commission; Sir Roy Welensky wanted a commission on which the Federal Government and the legislatures of the three territories would be represented. In the end, Mr. Macmillan announced that the commission of 26 members would be made up of an independent chairman, 6 Privy Councillors and 4 independent members from Britain; 2 Commonwealth members with experience of working a federal constitution; and 13 Central African members, none members of legislatures and 5 of them Africans. In presenting this decision to Parliament the Prime Minister pointedly, but belatedly, emphasized the preamble in the constitution of 1953, which contains the pledges to Northern Rhodesia and Nyasaland that British protection will not be withdrawn without the consent of the inhabitants of the territories.

Labour object that the commission cannot hope to command the confidence

and assent of the African peoples, with half its membership "nominated" by Central African governments; that the advisory commission will be tempted to anticipate the 1960 review itself; and that the Imperial Parliament should have a larger representation. But it seems reasonable to believe that before Mr. Macmillan announces the names of the commission, as promised in the autumn, Mr. Gaitskell and his colleagues will have agreed to participate. For his part, Sir Roy Welensky has agreed to the government proposal, which meets his main point that the advisory commission should neither question the continuance of the federation itself nor be so composed that it would appear to be putting the Federal Government in the dock.

Both sides of the Commons were deeply disturbed by the events at Hola Camp on two counts. First, that Mau Mau detainees, however incorrigible, should have died at all as a consequence of their treatment by their guards; secondly, that the principle of ministerial responsibility should not have been clearly asserted by the resignation of Kenya Ministers. It was significant that in the Commons no ministerialist member should have felt impelled to attack the Government on the findings of the Devlin commission in Nyasaland, but in the Hola debate Mr. Enoch Powell made what was generally regarded as the outstanding back-bench speech of this Parliament in arraigning the Government. Nor was Mr. Powell without Conservative sympathizers. He had a crowded House for his speech, and it was reckoned that if a division had been taken there would have been some ministerialist abstentions, if not votes cast in defiance of the Whips. The Hola deaths lay heavily on the conscience of the Imperial Parliament, and they have done something to spoil the Government's record in accelerating the pace of colonial advance during Mr. Lennox-Boyd's five outstanding years as head of the Colonial Office.

Press under Pressure

FOR nearly seven weeks from mid-June the newspaper and printing industry was in trouble. Ten printing unions brought out 100,000 members after a failure to persuade the employers to grant a demand for higher wages and shorter hours. Most provincial newspapers ceased publication, although some managed improvised printing and others conceded the unions' demand before the struggle began; and the London national newspapers, who were not directly involved in the dispute, were halved in size because their normal ink supply had been withdrawn. In the first week of August the printers went back to work, after Lord Birkett, an independent guide, had presided over the negotiations between employers and men. The outcome was an increase of $4\frac{1}{2}$ per cent in wages and a 42-hour working week, with an agreement on increased efficiency and higher productivity within the industry. But it remains to be seen whether the existence of some of the small country newspapers and printing works will not have been imperilled by the long stoppage.

Great Britain,
August 1959.

NORTHERN IRELAND

BY the frankness of his Budget statement in May the Minister of Finance, Captain Terence O'Neill, all but abandoned one of Northern Ireland's most cherished principles. He made no attempt to gloss over the fact that the £3 million estimated as the 1959-60 imperial contribution, the Budget surplus and symbol of solvency and allegiance, conceals a deficit in the Exchequer. It is made possible only by a contra payment of £6,400,000 from the British Treasury under the agreement assimilating the burden of the social services, and by a transfer of about £5 million to the National Insurance Fund.

Northern Ireland, after many bumper years, has thus relapsed into the pre-war difficulties of balancing its Budget. The cause has been a continuing rise in expenditure and the progressive reductions in imperial taxation which have finally offset the annual expansion of yield from industrial profits and private incomes. On this occasion Captain O'Neill had again to provide for higher spending, £97,490,000 against £94,500,000 last year, but as the tax concessions announced by the Chancellor of the Exchequer are to cost £5,794,000 in a full year the imperial contribution has fallen from £9 million to £3 million, the lowest figure since 1939-40. On this significant feature, and the minus quantity which the Budget has revealed, the Minister said:

It is a development which I do not welcome for it has always been our ambition to pay our way in those services which have been transferred to us (from Britain) and at the same time to make such Contribution as our means and circumstances allowed towards the Imperial responsibilities which we in the United Kingdom have to bear as a great power. It is apparent that in future we shall have to exercise scrupulous care in the management of our finances if these objectives are to be achieved. . . . We are now in a position when we must cut our coat according to our cloth.

Neither Parliament nor the country, however, has shown much alarm at the situation. For all the political value which the Unionist Party has attached to the contribution as a means of showing that Northern Ireland is not a poor relation, it has come to be widely regarded as a book-keeping transaction. The popular approach is that no region of the United Kingdom is under the obligation to be self-supporting, a truth which the devolutionary system of government has always tended to obscure. By now taxpayers are well aware that by paying at the national rate they are entitled to parity of service, and that on this basis an imperial contribution is of secondary importance. This was not always so. In its early days the contribution was by law a first call on local resources; later under the Colwyn award expenditure instead of being in proportion to that in Great Britain, was not to be "in excess of the strict necessities of the case having regard to any lower general level of prices, wages, standards of comfort and social amenity existing in Northern Ireland". It was not until 1938 that the British Government could be persuaded to end this disparity, one that can now be seen to have been responsible between the wars for a steady decline in the standard of public

service in comparison with the rest of the United Kingdom. In that year Sir John Simon, as Chancellor of the Exchequer, established that Northern Ireland should not only be entitled to enjoy the same social standards and services as Great Britain, but if a deficit occurs in its Budget which is not the result of a higher standard of expenditure or a lower standard of taxation, means will be found to make good this deficit.

This declaration was almost immediately followed by the war, and the rapid rise in taxation, together with the falling off in local demands, ensured ample Budget surpluses. In the post-war period Exchequer receipts have remained well ahead of rising expenditure until now when the contrived nature of the imperial contribution can no longer be disguised. During this time an additional factor has operated. The British Government, as soon as reconstruction began, approved that expenditure should include an allowance for leeway designed to provide that Northern Ireland should ultimately redeem its arrears of social development. This expenditure has been on a large scale and is accomplishing its object. Moreover, successive Ministers of Finance have been enabled to build up reserves and to meet out of income large sums required for capital projects, notably £33 million for the commutation of housing subsidies. The generosity of the British Government is thus not in doubt: it has sanctioned many schemes of assistance to industry without counterpart in Great Britain, and, through the Social Services Agreement, a necessary extension of the prewar re-insurance, covering unemployment benefit, has spread fairly the burden of the Welfare State. Now it may soon be called upon to decide how, when the Northern Ireland Budget shows a deficit, the Simon rule is to be implemented. Captain O'Neill in his speech redefined the priorities in expenditure as provision for peace, order and good government, a full range of social services in line with growth in the United Kingdom, and the development of industrial and agricultural potential.

These are unquestionably right, for on them depend not only Northern Ireland's well-being but the acceptance by a large body of the political minority of the settlement of Irish differences by partition and the integration of Northern Ireland in the United Kingdom. With them, of course, must be the elimination of all peripheral expenditure, and more normal use of "below the line" accounting and borrowing instead of financing directly from annual income. The danger is that if these methods are insufficient to produce a visible imperial contribution some effort may be made to restrict the leeway element in the estimates and the building up of social services, particularly health and education, at the same rate as in Great Britain. Reluctant as the Northern Ireland Government may be to end the long era of the imperial contribution, it is firmly committed to the principle of parity and cannot avoid the consequences. Nor are these so grave as cautious Ministers of Finance must represent them to be. The British Government under its policy of supporting agricultural prices already gives to Northern Irish farmers some £35 million a year which do not go through the local Exchequer and which altogether disprove any pretence that Northern Ireland wholly pays its own way. There is no apparent reason why some of the aid to Northern

Irish industry should not also become a direct charge on imperial departments or why the Social Services agreement, the working of which involves highly technical calculations, should not be suitably revised. It is, of course, important that the Parliament of Northern Ireland should not be too drastically divested of its financial powers: without these it would hardly be worthy of the name. Already the raising of taxation transferred to it by the British Government has become minimal and further diminution of its autonomy would be undesirable.

As has been observed, fiscal relations between London and Belfast have been subject to change for forty years and "the means" promised in the Simon declaration will be no more than a further development. In this way the axiom that parity of taxation gives the people of Northern Ireland the right to parity of benefit will be more effectively demonstrated than ever before. It is only to be added that the province would not have to incur any serious Budget deficit if its economic build-up could be further hastened and unemployment, still in excess of 7 per cent, reduced to nearer the national level. This is the real challenge facing both governments, and the disturbing fact is that while the British economy displays stability and buoyancy, Northern Ireland is not finding new industry at a rate that will absorb both the present numbers of unemployed and the large numbers of children leaving school in the next five years.

Politically, the focus of attention has been on the retirement of Mr. de Valera as Prime Minister in the Irish Republic and his replacement by Mr. Sean Lemass. Mr. de Valera's farewell to active leadership was to the North as well as the South the end of an era: throughout the lifetime of Northern Ireland he was cast in the rôle of its arch-enemy, an image only a little softened by his conversion to the view that partition can be ended only by a unity of wills. In Mr. Lemass there is seen a man of fresh mind capable of giving effect to the new thinking of Irish relationships which is becoming more and more evident in the Republic.

As Prime Minister he did not delay in addressing himself towards the North, but possibly because discretion is necessary at the start of his régime none of his overtures has so far borne enough weight to have any material impact on the border and the psychological barrier it stands for. In particular, he avoided the demand, firmly renewed by Lord Brookeborough at the celebrations of the Orange Order on July 13, that the Republic should give formal recognition to the Constitution of Northern Ireland as a pre-condition of greater friendship and co-operation. A few days later Mr. Lemass reiterated that the reunion of Ireland is still his aim and rejected a renewal of the association with the Commonwealth severed by his political opponents, Fine Gael. In this atmosphere it must be reported that Mr. Lemass's pleas for economic collaboration between North and South are being negligently received. Opinion in Northern Ireland is not only that unreserved recognition must come first, but that even more proof of goodwill must be given, especially by the suppression of the Irish Republican Army. Moreover, little faith is put in the benefits that can derive from a joint study of economic problems. Mr. Lemass did offer to consider difficulties arising from the fact

that many Eire manufactures cross the border duty-free while reciprocal trade is prevented by high tariffs, but little possibility is seen of a variation in the Anglo-Irish trading agreements, for which the British Government is responsible, that would allow Ulster-made goods favoured treatment. The point, however, is to be discussed by the new committee agreed upon by Britain and Eire to examine Anglo-Irish trade generally. Answering Mr. Lemass's overtures on trade in a speech on August 12 Lord Brookeborough said: "The danger which would lie in any participation on our part is this. We would be conceding that in these fields at least we have interests which march with the Republic rather than with Great Britain, and we would have made the first move to draw a distinction between ourselves and our fellow-citizens in the rest of the United Kingdom. That is the political danger and it is all-important. It is not counter-balanced by any noticeable economic advantage."

Officially Northern Ireland's attitude is that Mr. Lemass's initiative will serve no purpose until the Constitution is accepted and until a more friendly feeling has been created, and that in any event economic policies, which are reserved to the British Government, cannot well be revised until the full results of the "Outer Seven" and other unions become known. But among most of the Unionist population interest in Eire's development is at a low ebb, and a common reaction to Mr. Lemass's suggestions is to treat them as a Trojan horse. Such is the degree of suspicion and detachment from the rest of Ireland that partition has now produced. Yet among the smaller number who hope for peace and understanding and who are observing events in the South with an unprejudiced eye there is an impression that Mr. Lemass, as his position is strengthened, will take steps towards lessening his country's isolation and so bring about a lightening of the political climate that cannot be ignored.

Meanwhile the terrorist campaign has subsided in a way that would seem to have justified the risk which Mr. de Valera took in releasing the internees at The Curragh. For the Northern Ireland Government a similar decision must soon be taken. It still has in internment about 160 men, some of whom have been detained for more than three years. At this time its instinct is to play for safety by not permitting releases, but it is obvious that men cannot be kept in prison without trial indefinitely. The internees, of course, represent a hard core: they have refused to regain their freedom—as many of them could do—by giving an undertaking to sever their connexion with illegal organizations. The test will be the experiences of the autumn when any renewal of the attack may be expected to begin, a view backed by fresh reports of illegal drilling on the Eire side of the border.

For the moment another threat to law and order comes from the Unionist side. In recent months Protestant Action, a hotly-tempered anti-Catholic organization, has been the cause of some minor outbreaks of violence and intimidation. Its challenge to the Government was brought into the open in attacks on the Minister of Home Affairs, Mr. Topping, after he had used his powers to prevent an Orange band parade in the predominantly Nationalist village of Dungiven. These incidents have once again shown that there are

Protestant as well as Catholic extremists, and that the Government is called upon to act impartially against both. The Unionist Party and the Orange Order, too, have been faced with the duty of disciplining or expelling men who are guilty of such excesses. The fact that Mr. Topping has been supported even by some of the more aggressive of party spokesmen suggests that the episode has brought about a shift towards moderation in policy. As such it is an encouragement to the more responsible elements whose voice is insufficiently heard.

Northern Ireland,
August 1959.

The Terrorist attack on Northern Ireland was resumed on August 26, when a police patrol was ambushed near Roslea, Co. Fermanagh, and two constables were wounded.

IRELAND

GRAVE ECONOMIC PROBLEMS

OUR new Prime Minister, Mr. Sean Lemass, is faced with many, and serious, problems, principally economic. As Europe moves slowly, but inexorably, towards the removal of trade restrictions and a new alignment of economic forces we must seriously consider the effect of these changes on our partially developed economy. Mr. Lemass, who is to a large extent the architect of our present economic edifice with its over-emphasis on self-sufficiency and high protection for mushroom, and often unsuitable, industries, is now confronted with the consequences of his policy, and must change front without losing face, always a difficult, and in this case perhaps a dangerous, operation. For the moment he has made few changes in the Government. Mr. Jack Lynch, T.D., formerly Minister for Education, succeeds Mr. Lemass as Minister for Industry and Commerce, and Dr. P. J. Hillery, T.D., a country doctor, becomes Minister for Education. Mr. Lemass proposes to divide the unwieldy Department of Industry and Commerce and to appoint a new Minister for Power, Fuel and Transport.* When this has been done there will be further government changes. Mr. Sean MacEntee, Minister for Health, has been appointed Tanaiste in place of Mr. Lemass. Announcing the new appointments Mr. Lemass said there would be no change in government policy and no general election. Three by-elections have just taken place in Clare, Dublin and Meath. The Clare and Meath seats were retained by the Government, but Fine Gael was victorious in Dublin. The poll was very small in each case. The Government's predominant aim, Mr. Lemass said, would be to make the people better off, raise living standards and reduce unemployment and emigration. He welcomed the assurance of Mr. Costello that they would have the benefit of the constructive criticism of the Opposition and declared his personal intention to avoid giving personal offence even in the heat of debate. At his first press conference on June 29 he announced that he would set up a panel of industrial and financial experts to plan new productive State-assisted projects and that he would call in foreign experts for the study of specific matters. On Partition, he parried questions concerning the recognition of the Northern Government although stating he would be glad to entertain Lord Brookeborough in Dublin. He said he believed that the main economic problems in the North were similar in origin and character to our own and that they would yield to the same treatment and remedies. If tackled on a national basis they would be easier to overcome. The Northern reply to Mr. Lemass naturally is that the serious economic problems of the Dublin Government, such as emigration, unemployment and trade deficits, are not shared by Northern Ireland because the latter remains united with Great Britain in a larger and more fruitful

* Mr. Erskine Childers (formerly Minister for Lands) has now been appointed to this important post.

union. The facts, indeed, support this contention, because not only is Northern Ireland's population increasing slightly, but its total trade is four times as great as ours, and the number of workers employed in industry as well as their output per head is twice as great. In the Republic, on the other hand, the policy of protection, which has now been in operation for over thirty years, has during the whole of this period increased employment at best by only about 50,000 workers, the equivalent of one year's emigration at present rates. The problems confronting North and South are undoubtedly the same, but the North has largely solved them. That is a point that Mr. Lemass seems to have overlooked.

"The Sinn Fein Myth"

OUR economic problems are, indeed, grave and portentous, but not hopeless if we are prepared to adjust ourselves to realities. One of the most hopeful signs is the fact that the younger generation refuses to accept the economic dogmas of the past without searching examination. Organizations like Macra na Feirme (the young farmers league) and Tuairim (a body of young professional men and women under forty years of age who seek by means of study and discussion to formulate informed opinion on social, economic and cultural problems) are doing splendid work of this kind. The reasoned pamphlets published by the latter body on Partition, P.R. and the future of our fishing industry, have already proved most valuable in informing public opinion and advancing fresh views. Addressing a Tuairim study group recently Mr. Patrick Lynch, who is the Chairman of Aer Lingus (the Irish Air Line), and lecturer in Economics at University College, Dublin, pointed out that the trouble with Irish political economy was that sometimes it tended to be more political than economic. It was a bad thing, he said, to go on repeating the obsolete parrot cries of defunct economists, but it was worse to remain in thrall to the myths and dogmas of an old-fashioned nationalism which were never fully thought out and which had no relevance to the contemporary realities of Ireland and Irish aspirations today.

The Sinn Fein myth [he continued] which has been a decisive influence on public thinking and policy for more than two generations has always assumed that Irish political independence implied economic independence as well. The shadow of this unfounded dogma which identified political independence with economic self-sufficiency still looms over many of our thoughts and actions. Experience should have taught us that, in Ireland, political, geographical and economic boundaries do not coincide, but we are slow in learning this lesson.

Partition was, he said, a source of many grave political and economic ills, but we were merely deceiving ourselves if we pretended that the ending of Partition would compensate the island as a whole for the economic resources it lacks. Professor C. F. Carter of Belfast University, speaking at the same symposium, pointed out that one great and obvious deficiency in gathering information for Irish development was the fact that Ireland employed so few scientists, and that the government support for technology and science was so slight. Professor Carter's view is supported by the fact that it has recently been estimated that if we are to keep pace with modern development we

should spend about £1 million per annum in industrial research, whereas our current expenditure on such research is about £150,000 per annum! In a remarkable article on "Economic Expansion in Ireland"* Dr. David O'Mahony, Lecturer in Economics at University College, Cork, has recently pointed out that the real obstacle to the development of the Irish economy at a pace which would go some way towards reducing unemployment and emigration, and raising real income appreciably, is that productive investment opportunities do not exist here on a sufficiently large scale. Except perhaps in agriculture there is very little scope for the productive use of capital, and as the Whitaker Report on Economic Development† points out "the possibilities of absorbing labour in agriculture are limited". This lack of investment opportunities is due, as Dr. O'Mahony emphasized, to our high cost level, owing to the fact that Ireland and Great Britain constitute one labour market; and he draws the conclusion that the only way we can hope to reduce costs to a satisfactory level is by increasing efficiency at a much higher rate than other countries have attained, although unfortunately in fact, measured in terms of output per man, we are falling behind most countries rather than even catching up with them. Our only hope, in his view, is a far bolder and more imaginative approach to education and public finance than anything yet envisaged. Dr. O'Mahony believes that the plan outlined in the Economic Programme White Paper, recently published by our Government will fail owing to the lack of investment opportunities, the creation of which ought to be the primary objective of policy. Another young man, Mr. Declan Costello, T.D., a son of the former inter-party Taoiseach, has recently advocated a new national policy which would reject old, and now obsolete, battle cries. He points out for instance the now obvious fact that the country must choose between continuing the present hopeless attempt to revive the Irish language and the more important task of improving our educational system, and that, as regards Partition, we must not only accept and recognize the existence of the Northern Government but co-operate with them on a national basis. This revolt of the younger generation will grow as time goes on, and, though it has not yet reached the political plane, it will eventually do so, perhaps very soon. That there is cause for alarm at the results of present policy is shown by the fact that in spite of heavy tariffs the adverse trade balance continues to rise. This is due not only to an increase in imports of grain consequent on last year's disastrous harvest and the large imports of material for the construction of the Cork oil refinery, but also to a serious reduction in our cattle exports to Great Britain. For the twelve months ended last May the adverse trade balance exceeded £79 million, which is equivalent to a balance-of-payments deficit of some £14 million. Should this trend continue another economic crisis like that of 1956-57 might quickly arise. The development of the Scandinavian proposals for a Seven Nation Free Trade Area has again reminded us sharply of our international impotence and our economic dependence on Great Britain. Apparently our Government was not even consulted on the matter. While

* *Studies*, June 1959.

† See THE ROUND TABLE, No. 194, March 1959, pp. 173 *et seq.*

we have been bathing in the referendum lake the Danes as usual have stolen our economic clothes! After seeking an interview with Mr. Maudling in London, Mr. Lemass told the Dail on May 27 that the whole trend of events is towards the formation of economic groupings between nations and that small countries like ours will have difficulty in maintaining viable economies outside the ambit of wider economic combinations. After a second visit of Mr. Lemass to London on June 13 it was announced that the British and Irish Governments had agreed to set up a permanent Anglo-Irish Trade Committee to examine the possibilities of improving trade between the two countries. It will meet regularly to examine economic questions of common interest. If Denmark, as the result of recent negotiations, secures free entry to Great Britain for any considerable portion of its agricultural produce, then the stability of our whole economy may well be in jeopardy. It seems clear, in spite of our Government's protestations, that so far as the Free Trade Area is concerned, we can neither join it nor prevent its formation and, as Mr. Lemass has recently said, must direct our efforts towards maintaining and strengthening our traditional trade relationship with Great Britain. At the same time the important preference arrangements which we now enjoy over other European producers as regards our exports to Great Britain will be gradually extinguished so far as the new Free Trade Area is concerned. These arrangements have up to this operated as an important inducement to continental investment here. We have recently been afforded a salutary glimpse of "ourselves as others see us", by an objective and well-informed European expert. Speaking at an economic conference in Dublin on July 20, Mr. John Cahan, deputy secretary-general of O.E.E.C., told us that we had been "left out in the cold" during the Free Trade Area negotiations, and that we were going to lose, probably for ever, our privileged position in the United Kingdom agricultural market. As regards our other industries he pointed out that "Ireland is going to find herself on the edge of a vast community tending towards free trade" and that we should be pushed by the pressure of events to reduce the tariffs on our industries which could then only survive if efficiently managed. So far as Danish competition was concerned Mr. Cahan said: "I believe that you have in your land and your proximity to the British market advantages that can far outweigh anything the British may give to the Danes. This 10 per cent reduction in tariffs is nothing compared to the natural advantages you have if you are prepared to exploit them". It is the failure to exploit these advantages during the last thirty years which has left us in our present plight, and, as Mr. Cahan warned us, we have "a hard road before us to the end of the century" when he expects there will be full European free trade. No doubt as one of Britain's relatively largest customers for consumer and capital goods, as well as industrial raw materials, we are entitled to claim and expect consideration, but our position would be infinitely stronger if we could claim it as a right from within the Commonwealth rather than as a favour from without. Hitherto we have enjoyed the best of both worlds; we must now decide to which we belong.

Ireland,

August 1959.

INDIA

THE DRAGON APPARENT

WHEN a little over two years ago the Communists formed their government in India's smallest State, Kerala, Mr. Nehru the Congressman may have been mildly disappointed, but Mr. Nehru the international statesman was perhaps amused and gratified in about equal proportions. To Mr. Nehru the Prime Minister this tiny State is at the time of writing* the biggest political headache, and for several weeks past the country has had no notion at all as to which of the three Nehrus might be in control. The impasse will almost certainly have been ended by the time this dispatch is in print; it is, in fact, possible to see now what the ultimate decision will be; but almost all the weaknesses of the Congress Party, and of Mr. Nehru, have been painfully evident in the handling of the Kerala crisis, and the weaknesses will persist even after the immediate agitation is over.

Most Communist victories in elections in India are sought to be explained away by the remark that they are votes of no confidence in the Congress rather than positive votes for Communism. So far this explanation has some validity, but in the case of Kerala it was also a vote against all the other political parties—for all of them had been in office at some time or another, with very little credit to themselves. When the Congress and the other parties found themselves in the opposition, their disunity was still intact. This served the Communist Government rather well, and it went ahead with its modest plans for progressive legislation. The Communists had spoken of large-scale reform, of nationalizing plantations owned by foreigners; but they soon decided to abide by the Constitution, and their behaviour has been scrupulously correct, thus enhancing Mr. Nehru's affection for them. They even claimed that they were only doing what the Congress was saying it would do, and this is not entirely untrue either. Meanwhile, despair seized the Opposition (including the local Congress) and it began to be clear that unless something was done early there would be no hope for any of these parties ever to come back to power. This fear too was not baseless.

Thus came unity in the Opposition, and out of the window went everything else. Since the middle of June an 84-year-old Nair has been leading a movement against the Communist Government of Kerala and, whatever the Communists might say (and they have a great deal to say for themselves), there is no doubting that he has got the support of a large number of people. In spite of several instances of police firing and almost daily cane charges on agitators, demonstrations have been held regularly; and so far about 100,000 men and women have been arrested. Life in Kerala today is sadly disturbed. Schools, colleges and offices are being picketed; and business is at a standstill. The police and the bureaucracy are said to be demoralized.

Where has Mr. Nehru with his Congress Party been in all this? It seems clear that the agitation was first thought of by the Catholics, whose control

* The first two sections of this article were written earlier than the rest.

of schools would be affected by the Education Act. Next came the Nairs, whose interests in land would be affected by the Agrarian Reform Act. As it happens, the Congress in Kerala derives most of its support from the Catholics. The Praja Socialists joined the movement for fear of isolation. The association of the Muslim League is really a source of embarrassment to the Congress, but at times like this principles and ideologies are bound to be at a discount. (They never were at a premium in these parties in Kerala.) It would not be unfair to say that the Congress got involved in the movement, direct action it is called, in spite of itself—certainly in spite of its better judgment, for which the all-India party was not just given a chance by the provincial branch. It is widely believed that Mrs. Indira Gandhi, Mr. Nehru's daughter and now Congress President, has been talked into accepting that, for the party in Kerala, it is now or never; either it joins hands with all sorts of elements to get rid of the Communists immediately, or the Congress will be dead in Kerala. It is not wholly surprising that the prospect worried Mrs. Gandhi rather more than her father. She is only Congress President, her father has a world view.

Mr. Nehru's current indecisiveness over Kerala, where the Opposition has been demanding the dismissal of the Communist Government, would puzzle only those who have not taken the trouble to analyse his personality, his mental make-up, and his various (some of them mutually exclusive) ambitions. Ever since he became Prime Minister, he has had to work not only between the two pressures representing the cold war but also between the two contending forces in India, with neither of which he is entirely popular, and with neither of which he can completely identify himself. For both he is a useful mascot, to neither wholly acceptable. Any man in such a position would try to use one against the other, and Mr. Nehru has so far done this with extreme subtlety and with not a little success—with some temporary good done to India. He has in his fashion kept up the unity Gandhi maintained between opposing forces. Conflicts have been left undefined, hence unfought though not removed. Internal forces apart, on the international scene Kerala came rather handy to Mr. Nehru in preaching coexistence: after all, he could demonstrate that he could have a Communist government under his wings and not give the matter another thought.

This could hardly work indefinitely, and the pity (for Mr. Nehru) is that the comfortable game has been called off not by the Communists but by his own party, led by his own daughter. The Communist Government in Kerala still enjoys a majority in the Assembly, however precarious. It has always been prepared to discuss all unpopular legislation with the Opposition; it is the latter that turned down all suggestions of negotiations made by Mr. Nehru. The Opposition will be content with nothing short of the resignation of the Communist Government or its dismissal by the Centre. It has produced a charge-sheet (later renamed memorandum to President) but no reply will satisfy them but the overthrow of the Communists. It is no secret that Mr. Nehru is far from happy over this very intransigent attitude with which his daughter and her party have felt obliged to associate themselves. He has been holding talks almost continuously with the President and the Home

Minister, Mr. Pant. Any decision (which can only be President's rule preceded by supersession) he takes will be taken most reluctantly.

Nor is Mr. Nehru's democratic conscience the only obstacle to adopting a policy dictated by political expediency. If State governments are going to be removed by "direct action", which creates chaos and then calls for Central intervention to restore law and order, the Communists may make similar trouble. Time and again they have demonstrated that they can paralyse life in Calcutta. In Bombay the Samyukta Maharashtra Samiti (which wants Bombay to be a Marathi State) can act likewise, and in Punjab the Akalis are as capable of mischief on a large scale. To encourage the opposition in Kerala in its clearly unconstitutional tactics to remove an elected government is to invite similar trouble in States now ruled by the Congress.

It is possible that the Congress could have spared itself this agonizing dilemma if it had stuck to its principles. But, as has been argued here before, the Congress is now in the hands of political technicians, and with them principles count for little. The pity is that, partly out of affection for his daughter, Mr. Nehru has got involved in the unsavoury affair; and, although it is easy to exaggerate the influence of morality in political rivalry, it is by no means unlikely that any adventitious victory now won in Kerala will soon recoil on the Congress. The damage to the moral stature of the party may be irreparable, and the stature has been contracting very rapidly indeed.

"Nobody Did Nothing"

WITH Parliament not in session, the Government of India came out with its final decisions on the Life Insurance Corporation's notorious deal with Mr. Haridas Mundhra. Mr. Nehru is satisfied that justice has been done. Nobody else is, and Mr. Nehru seems curiously unaware of the depth of public feeling. This L.I.C. deal was the first scandal about which the Government of India seemed determined to do something. When the shady deals were first unearthed in Parliament (ironically, by the Prime Minister's son-in-law), an enquiry was ordered immediately. It was held in public by Mr. Justice Chagla, then Chief Justice of Bombay High Court and now Indian Ambassador in Washington. He said that the whole truth had not been told, that at least two members of the I.C.S. and some others were obviously guilty. The Finance Minister resigned, but Mr. Nehru declared that his was only constitutional responsibility—a theory rejected by many. Then another enquiry was held by a board of three senior members of the I.C.S., presided over by Mr. Justice Vivian Bose, formerly of the Supreme Court. It too held that the whole truth had not been laid before it and made meaningful references to Mr. Mundhra's donations to the Congress Party. Mr. Nehru was still unimpressed, and the judgments of two quasi-judicial commissions were then examined by the Union Public Service Commission, which found ways out of exonerating everybody. A crime has been committed, nobody denies that. Mr. Nehru is convinced that no actor mentioned is a criminal.

Parliament will probably raise the matter again when it meets in August, and Mr. Nehru has his own way of silencing it. Rather more difficult is to silence the public, which has been left with the painful suspicion that, with

friends at court, one can get away with everything, provided the crime is big enough. It is the poor retailer of kerosene who charges a few *naye paise* extra who will be punished. Mr. Deshmukh, a former Finance Minister, recently spoke of "corruption at all levels", of "nepotism, still very common, high-handedness, gerrymandering, feathering of nests through progeny and a dozen other sins of omission and commission", and he gave voice to suspicions more widely held in the country than Mr. Nehru may imagine. Rarely since independence has the prestige of the administration been so low as it is today, and there are disquieting signs that Mr. Nehru may be beginning to lose that instinctive awareness of popular feeling which he had even a few months ago. He is restive again, tired, groping, unsure. He recently gave himself a brief holiday in Simla and returned to Delhi unwell. He discouraged panic, rightly, and he is certainly back at his inhuman routine. But his exaggerated annoyance over popular questionings regarding L.I.C., to say nothing of those concerning his former Special Assistant M. O. Mathai, his strange acquiescence in Congress tactics in Kerala, his baffled helplessness before Chinese intransigence in Tibet—these add up to a rather dismal picture. Mr. Nehru is capable of astonishing recoveries, and it is fervently to be hoped that he will recover this time too.

The Lost Horizon

FIRST India and the world were told that nothing much had happened in Tibet, a few days later the word was "it might be something, but it is nobody's business except China's", and finally came the truth that a great deal had in fact been happening in Tibet for quite some time and that India could not be wholly indifferent to it all. The speaker in each case was the same man leading the same government, Mr. Nehru and the Government of India. Neither the initial silence nor the subsequent noise was the result of absent-mindedness. The early attempts to cry down or laugh away foreign reports on a revolt in Tibet are not so very difficult to explain. They were part of India's desperate, almost pathetic, effort to maintain friendly relations with China. This too was not merely a matter of habit; what has so far prevented claims of Asian solidarity from being more ridiculous than they are is some semblance of amity between New Delhi and Peking and Cairo. Suddenly it appeared to Mr. Nehru that the alliance was beginning to break down at both ends, and this threatened the very basis of Mr. Nehru's scheme of things in Asia and his place in it.

It should be remembered by commentators on Tibetan happenings and India's view of them that this is about the first time this country has been called upon to *do* something in international affairs as distinct from expressing an opinion or two on them. It is one thing to condemn Cyprus and Algeria or not to condemn Hungary and the shelling of Quemoy, it is quite another to release semi-official news on Tibet and grant asylum to the Dalai Lama in full knowledge of China's very foreseeable reactions. Mr. Nehru has been at pains to avoid saying anything that might offend Peking more than is absolutely unavoidable, but it is common knowledge that what the world knows of what happened in Lhasa in the middle of March was largely what

the Government of India had decided to tell. If New Delhi, which means Mr. Nehru, had continued with the practice of dismissing all reports on Tibet as alarmist or exaggerated, if the External Affairs Ministry had not been unusually forthcoming, it is quite possible that Peking would have succeeded in crushing the revolt on the roof of the world quietly and without the world's knowing much about it. This was obviously Peking's plan, and India openly foiled it. The profound significance of India's decision will unfold itself, and many other things will come in the process, only as the months go by.

India's concern for the Tibetans is real. A certain amount of affection for the Dalai Lama is widespread too. The mysterious social system of Tibet, its quaint people living their lives up in the mountains unaffected by external civilization, their harmless fondness for seclusion, their periodical search for the reincarnation of the Buddha, their reputed habit of buying watches by the ton when down in the cities in the plains—all these things add up to the endearing image of a people that deserves to be left alone if that is its desire. In British days, when there was not a powerful Chinese government, little was heard in India about Tibet. It came to news for the first time in 1951, when India, in pursuit of Asian solidarity with herself and Communist China in the lead, ceremoniously accepted Chinese Suzerainty, a very imprecise concept, over Tibet and high-mindedly surrendered the extra-territorial rights she had inherited from the British. There have indeed been rumours since that not everything in Tibet is going right; there were stories once that when the Dalai Lama was in India he was not excessively enthusiastic to go back to Lhasa and was persuaded to do so only by Mr. Nehru, who had been given certain assurances by Mr. Chou En-lai; but by and large the attitude has been to forget, and make others forget, all about the "autonomous Tibetan region of China". The recent reversal of New Delhi's attitude is not to be explained exclusively in terms of Indian sympathy for the Tibetans, real and considerable though it is. More likely, something had gone wrong with Indo-Chinese relations themselves, and India's efforts to repair them quietly and in private had failed to evoke the expected responses in Peking. Hence the decision to let the world know what happened in Lhasa, hence the decision to receive the Dalai Lama in India with great ceremony—regardless of what Peking might think.

There has since been ample evidence of what Peking does think, and on April 27 Mr. Nehru expressed distress rather than surprise. This statement to Parliament, a prepared one and read sombrely, was indeed remarkable, and may yet prove to mark an important turn in India's thinking on foreign policy. Under pressure of Chinese rebuffs or a rude lack of response to Indian gestures of friendship, the nature of which may not be known for some time, India has taken a calculated risk; and there is pained questioning in the country already that Sino-Indian amity may not after all be any more a permanent factor in international affairs than other friendships between nations have been. Indian Communists and their camp followers have been speaking of the supreme need for India to be friendly with China, "especially in view of the U.S.-Pakistan military alliance and other machinations of the Western imperialists in the area", but nationalist opinion has been quick to

come forward with the assertion that there may be more important things than Sino-Indian accord, India's national prestige for instance.

End of Innocence

PAINED surprise was the country-wide reaction when Peking started describing India in terms hitherto reserved for the wicked imperialists of the West. As this dispatch is being written Peking is pouring forth a spate of rather serious allegations against India, this in spite of New Delhi's repeated denials. The Dalai Lama is still said to be under duress, Kalimpong is still referred to as the commanding centre of the rebellion, Indian expansionists are still said to be in league with the West, the statements made by the Dalai Lama in India are still said to be the work of unnamed foreigners, and in some Chinese newspaper (quoted by the government-controlled New China News Agency) a correspondent has reminded India of the united wrath of 650 million armed Chinese. The People's Congress has indeed passed a resolution reaffirming Indo-Chinese friendship, but nobody in India believes that this represents the whole official attitude while outbursts are unrepresentative of the Government. It is now realized that, at some unspecified point and for some unknown reason, Peking decided that Indian friendship was an expendable commodity, that India could be openly offended, and that the result would probably be a more thorough subservience in New Delhi.

Mr. Nehru's initial indifference and subsequent reticence and restraint could well encourage the formulation of such a strategy. It may be assumed that Mr. Nehru did not expose China in the matter of Tibet without protracted and anxious thought. He was taking a calculated risk, for the consequences of not taking it must have appeared incalculable. It is a superficial view that Mr. Nehru was goaded by the strong reaction of the people as he is supposed to have been over Hungary. Mr. Nehru made these reactions, and those of the world, possible. It may be noteworthy still that the people reacted as they did. New Delhi had hitherto assiduously pointed out and publicized every error on the part of the West; the Communist countries had so far been presented as being beyond criticism. Now the illusion is dead, perhaps for a long time. The country-wide innocence over foreign affairs, generated and nurtured by Mr. Nehru and his Government for years, is at an end; and part of the credit must go to the people who seem to have an instinctive awareness of right and wrong. Mr. Nehru and the people are one in concluding that Peking's friendship, necessary and valuable though it is, is not to be purchased at any price. Mr. Nehru's statement on April 27 was a polite but firm hint to Peking precisely to that effect.

At the time of writing it is far from clear just how Peking is thinking things over. The People's Congress resolution referred to earlier may or may not be an indication that second thoughts are now permissible in the Chinese capital. It may be significant too that the slander against India has largely been conducted by others than those obviously in the Government, although this is not at all convincing. Mr. Nehru had invited the Panchen Lama to come and see the Dalai Lama in India to satisfy himself that the latter

is free, but although this has been declined there is the fact that *in absentia* the Dalai Lama has been elected to some executive committee or another. It is clear that the Indian reaction has not been quite according to China's plan, which may or may not be made the excuse for a purge. It is equally clear that, despite earlier indications to the contrary, China is not yet impatient to have a show-down with India. Among other things, the visit of the Duke of Edinburgh must have suggested to Peking that, for all her neutralism and studious avoidance of all military alliances, India may not be so friendless as she appears on a short view. Finally, there is the enigma of Russia; and this may be as much a puzzle to the Chinese as they themselves are to the world. The Indian Ambassador in Moscow met Mr. Khrushchev on April 29, and Peking may well be as curious as any other capital to know what the two discussed.

Impatient West

PERHAPS it was a fault more of the international press than of the governments of the West, but the interest shown by the world in Tibetan happenings and the arrival of the Dalai Lama did seem out of proportion to the intrinsic news value of the events. The overzealous reporters who chartered planes to see the Dalai Lama approaching the borders of India, and the well-intentioned spinsters in California or somewhere who were thinking of raising funds for the aid of Tibetan refugees, did lend a measure of plausibility to Chinese charges that the West was joyous to see the possibility of a breach between India and China; and this has on the one hand inhibited the Government of India to some extent and on the other made even some Indians doubt whether the West was not after all involved in some way. Although Mr. Nehru still says that Tibet is China's affair, what he means is that it should be a matter between China and India. It is quite possible that matters would have developed better if the West had stayed out of it all, leaving it to Mr. Nehru and India to take a fuller measure of China. This is the place to add that more than once the West, especially the United States, has made it more difficult for the various nationalisms of Asia to know one another better by getting between them. It is certainly true of President Nasser and his current estrangement from Moscow and Baghdad. The mistake need not be repeated in the case of India and China.

Some pretty agonizing reappraisal must be in progress in New Delhi since the Tibetan happenings and Chinese reactions to them, but it is premature to think that misunderstanding with China will necessarily and immediately bring India closer to the West, and there is no reason why the latter cannot wait. It is by no means obvious that one more addition to the existing conflicts in the world today, one between China and India, will be a good thing for anybody. New Delhi is probably right in iterating daily, while shifting not at all from its position in regard to Tibet, that China's friendship is desired sincerely. The sincerity is not all affected, for Mr. Nehru has a vested interest in getting on with China, but it should surely be clear already that there is a point beyond which India will not compromise in maintaining

friendly relations with the growing neighbour that is China. In this India perhaps deserves more friends than critics.

Nothing definite can be known about the attitude of the Soviet Union to recent happenings in Tibet, but there has been a noticeable lack of enthusiasm in Moscow's repetition of the Chinese version—*minus* the irresponsible charges against India and Indian expansionists. Moscow's need for Peking and Peking's need for Moscow are too obvious for denial, but it would not be wholly surprising if there were certain as yet unstated reservations in the relationship. Whoever may be the immediate target, the 650 million mailed Chinese fists are a fact with a meaning for others besides India, and Communist solidarity may be no more a law of nature than other brands of solidarity have proved to be through the centuries in the history of nations. The future is unknown, but let it be on record that recent misunderstandings between India and China have not at all affected Indo-Soviet relations, even if it may be too early to think that understanding between Moscow and New Delhi has increased of late.

No Joint Defence

TIBET has thrown a deal of light on other relationships, and once again the lesson is that friendships are more easily broken than repaired. As the great Tibetan debate was in progress a rather surprising suggestion came from the President of Pakistan on some form of joint defence between India and Pakistan. It is unlikely that the suggestion was wholly serious, but Mr. Nehru has been prompt with his rejection of the idea. On May 4 he told the Lok Sabha quite plainly that the policy of *Panch Sheel* and non-alignment was not to be scrapped simply because of recent developments and that all talk of joint defence is really the idea of military alliances in a new guise.

What this really means is that, whatever the bigger conflicts between the East and the West, there are other conflicts at another level, and for the participants in the latter the cold war is of only secondary importance. It is not a practicable idea at all that, with so much gone wrong over the years in Indo-Pakistan relations, the two countries can now co-operate in joint defence, and it has been suggested already that it could not have been meant seriously; but the point is worth noting that not even the threat of China, which is now widely realized, can effect much change in Indo-Pakistan relations. It should be added in fairness that Pakistan's attitude is perhaps, if anything, a little more rigid.

In the last budget India reduced her defence expenditure to some extent, this in face of continuing U.S. military aid to Pakistan. The latter's response has only been to shoot down an Indian Air Force Canberra which, according to India, had strayed into Pakistan air space because of a navigational error. Whatever the circumstances, about which not all is known and neither may be telling the whole truth, it is plainly unusual for a neighbour's plane to be shot down in this manner in peacetime. No wonder there was anxious questioning in India whether the incident represented a definite change of attitude on the part of Pakistan or just bad staff work somewhere. At the time of writing it is not very clear where the staff went wrong more, in India or in

Pakistan, but it must be said that India has reacted to the incident with admirable restraint. It is necessary to add that, after the initial drastic action, Pakistan has not behaved too irresponsibly either. The fact remains that between India and Pakistan there is still a yawning gap, and the task of bridge-building has not even begun.

Third Plan

THERE is some time to go yet before the second five-year plan has worked itself out, but it is already clear that the second will make very little sense unless a third follows it fairly closely. And there has not been enough money, in any currency, even for the second. The demands on the third, especially in foreign exchange, will be even greater, and this is where Indian fatalism goes into Indian planning. As it happens, the fatalism has paid in recent years; and there is hope that it may do so again in the third. This is mixing up planning and praying hopelessly, but that may well be India's biggest hope. Nobody knows what the size of the third plan will be, but there have been warnings that it will be big. The warnings may well contain within themselves an element of prayer to foreign countries that need not be named. It remains true that the countries unnamed have a vital interest in seeing that India does not come a cropper by deciding to try the democratic way, and it will be a sad day if India is punished for her ambition, any way more modest than that of China.

This may well be the key to India's present mood. There was no exhilaration when the country was brought into the vortex of international controversy with the arrival of the Dalai Lama. It was regarded chiefly as a distraction, even by Mr. Nehru. Internal economic problems now enjoy precedence over external affairs, and the approach towards a correct perspective goes on. Indians themselves are not interested in planning steadily, and the Government's economic decisions are reversed more than once by political considerations, but it is in agriculture and industry that the destiny of India is being worked out, and the world's eyes are better focused on them.

India,

August 1959.

PAKISTAN

TOWARDS A CONSTITUTION

THE exploitation of weak electorates by unscrupulous politicians has been mainly responsible for the unsatisfactory functioning—if failure is too sweeping a description—of the parliamentary system of government in many Asian countries. Such a situation has been brought about by a combination of factors, the most outstanding amongst which was the rather romantic manner in which democracy was introduced into these countries. Take the instance of the Common Man. He was too much idealized. It was facily assumed that the mere conferment of direct adult franchise would not only give him a sense of dignity, but would also make him alive to his responsibilities as a free citizen of a free State. In practice, however, it only confused and bewildered him. After all one of the biggest problems of the Asian Continent is its colossal illiteracy; and to enfranchise without any qualification, except that of adult age, a person who can recognize the ballot box only by the symbol it bears is to increase the possibilities of his exploitation by the unscrupulous politician.

The position in Pakistan has been much the same, but what tends to lead to a different interpretation of the malaise of the parliamentary system of government in this country, is the fact that no general elections have ever been held here. Undoubtedly, certain other factors have had a greater impact in Pakistan than elsewhere. For instance, religious feelings were cruelly and callously exploited to gain political ends. But it is important to bear in mind that such additional factors acquired greater force only because of direct adult franchise. Illiterate masses ever fall an easy prey to clever rhetorical declamations of politicians. This has been amply borne out by the several provincial elections held in the country on the basis of direct adult franchise.

The crucial problem was, therefore, how best to lessen, if not completely obviate, the exploitation of the masses without divesting them of the rights already conferred on them. Indirect elections through electoral colleges were the only remedy, but the moment it was suggested the politicians, actuated by self-interest and opportunism, raised a hue and cry and no government, either central or provincial, dared oppose them. So while democracy in Pakistan had all the trimmings it lacked in substance. It had an elaborate superstructure, but the base was neither wide nor strong.

What are called basic democracies may ultimately serve as electoral colleges in Pakistan. The scheme, which was first approved at the Governors' conference in May and on which further progress was made at their next conference in June, is to be implemented shortly. It envisages four-tier councils, starting with the Union Panchayats—Village Councils—and ending with the Divisional Council. The Union Panchayats will have one elected representative for every 1,000 to 1,500 people. There will ordinarily be ten elected and five nominated members. The Union Panchayats will be entrusted

with functions under the following categories: (1) Administrative or municipal; (2) Judicial; (3) Police; (4) Development; and (5) National Reconstruction. They will be allotted certain sources of revenue for purposes of taxation and may even be entrusted, through their chairman, with some responsibility for supervising the collection of government dues. Elections to the Union Panchayats will be held within the next few months and in any case before the year is out. When this happens there will be between 5,500 and 6,000 Union Panchayats functioning throughout Pakistan. Soon after, the setting up of other tiers in which officials and non-officials will be associated in equal proportions will be completed.

The move to introduce basic democracies is significant in more than one way. In the first instance it convincingly belies fears held outside the country that the so-called military dictatorship in Pakistan might perpetuate itself. Being firmly seated in power the present régime could have easily postponed such a move till after the proposed Constitution Commission, which is expected to be set up by the end of the year, had made its own recommendations. But the new régime has acted with foresight and patriotism and has shown remarkable realism by acting on a policy of first things first. By associating the rural community in the independent administration of its day-to-day problems it has taken the right step to build up democracy from the bottom. The experiment, if successful, will be of great importance for the rehabilitation of democracy in this country. Moreover, these basic democracies will provide the Government with the necessary unofficial link with the masses, which in the absence of political parties was lacking. It will thus be in a better position for correctly assessing public reactions to its policies.

Necessity of Nomination

THE provision for nomination to the Union Panchayats and the association of officials with non-officials in the remaining three tiers has been received with mixed feelings in the country. But it was inevitable, if only because in the past wholly unqualified and even illiterate people somehow managed to occupy important positions, not only in the local bodies, but also in the provincial and central legislatures. It was, therefore, essential that things be so arranged as to ensure that at least some competent people would be drafted into these bodies and conduct their affairs with decorum and responsibility.

The official communiqué outlining the scheme of basic democracies emphasizes the need for nomination so that special interests "like women or agricultural labour" be represented, as also those "who do not care to contest the elections, although they may be qualified because of their social activities or special knowledge to serve the people". Likewise on the association of officials in the remaining three tiers, the communiqué emphasizes that such a provision will enable both officials and non-officials "to understand each other's problems, to adjust their views and actions in the light of such understanding and to cooperate with each other in the common good of achieving the spiritual and material welfare of the people". The com-

muniqué expressed the hope that this measure "will bring about a general political awakening and sense of responsibility in the broad masses of our people, which is the basic requirement for the success of democracy".

In its first editorial a leading English daily of Karachi observed:

The success of this experiment will, however, depend on the mentality with which the officials approach their association with non-officials in these "basic democracies". These bodies are not merely intended to be advisory but will have the power to take decisions and implement them within well-defined spheres. If the officials regard their non-official counterparts as the lesser half who are there only to accept the directives of the official half, the experiment cannot succeed.

Such observations, however, give a rather lop-sided view of the situation. After all, local bodies were not unknown even before the partition of the sub-continent took place. It is hoped that the function of the new bodies as electoral colleges will help them to achieve a sense of realism and responsibility denied to the old Union Boards, whose proceedings were too often marred by inefficiency and intrigue.

It is of course necessary that officials must reorientate their attitude towards non-officials. One hopes they will do so. The recent screening of the civil services following which many Central and provincial officers of highest ranks were either compulsorily retired or reduced in rank, because of either corruption or inefficiency, underlines the new régime's determination that its employees must carry out their duties honestly and to the best of their ability. It may well be, therefore, that the association of officials with basic democracies may prove to be an advantage rather than a liability. But the major rôle in the successful functioning of these organizations will be, and should be, of those who will be chosen to represent the people. For them it will be no less a cross than a prize, and the manner in which they live up to their responsibilities will show whether or not even this small dose of democracy is too much for them.

The decision to shift the capital from Karachi to an entirely new city, which is to be built in an area not far from Rawalpindi and forms part of Pothwar Plateau, has, to a considerable extent, been necessitated because of the Government's concern to keep the administration away from unhealthy commercial influences. Of course other weighty factors such as those of defence, climate and a productive hinterland have decisively tipped the scales in favour of the change. But the general welcome accorded to the decision sprang from the hope that the shifting of the capital from Karachi, which is mainly and predominantly a commercial centre, will drastically reduce the incidence of malpractices, long suspected and confirmed during the recent "screening", to which the commercial community resorted to gain undue advantages for itself.

The Government intends to develop the site of the new capital as fast as the availability of funds will permit. Although no accurate estimate of the cost of constructing the new capital has yet been worked out, it is expected that about 500 million rupees will be spent by the Central Government over a period of about 15 years. A Capital Commission, which is being set up,

will prepare a master plan for the new capital within a period of six months. Meanwhile, however, essential portions of the Central Secretariat will be moved to Rawalpindi.

The decision to set up a sub-capital in East Pakistan has reportedly been welcomed by the province. The division of the country into two component parts, separated by 1,000 miles of Indian territory, has posed some extremely difficult problems, and this is one attempt to improve the situation.

Sharing the Waters

KASHMIR and canal waters have been the two issues that have severely strained Indo-Pakistan relations ever since the two countries gained independence. It now seems that there are reasonable prospects that one of them—canal waters—will be solved amicably. If that happens it may well be a turning-point for better relations between these two sister Commonwealth countries.

The two main hurdles in reaching an accord on the canal waters issue were India's refusal to accept financial obligations towards the replacement of the waters from alternative sources in Pakistan and her insistence that, on the completion of her Bhakra Dam in 1962, she would take all the waters from the three eastern rivers—Ravi, Beas and Sutlej—and thus deprive Pakistan of her rightful share of waters from these rivers. Were India to resort to such unilateral action as much as 6,300,000 acres of fertile land in Pakistan would have become barren. Now, thanks to the efforts of Mr. Eugene Black, the President of the World Bank, India has officially announced her willingness to pay her share of the costs, as determined by the World Bank, and to maintain her present supplies from the eastern rivers to Pakistan for another ten years. In this decade Pakistan will have developed alternative resources to replace this loss.

The World Bank's comprehensive plan for the Indus basin envisages the development of irrigation works in West Pakistan and north-western India. The estimated cost of executing the plan is reckoned to be about 1,000 million U.S. dollars. The major share of the financial burden will be borne by America and Britain and the latter is reported ready to contribute £35 million for the project. Canada, Australia and New Zealand have also indicated their willingness to contribute towards the project. The President of the World Bank has already announced the creation of a fund to finance the undertaking.

Much depends, however, on the London conference on August 5, when officials of Pakistan and India meet there under the aegis of the World Bank to work out the heads of the proposed agreement to share the Indus basin waters and to consider the regulation of water-supplies to West Pakistan from the eastern rivers during the transitional period within which Pakistan is expected to complete her own replacements. Until a formal agreement between Pakistan and India on this bitterly controversial issue is signed and ratified, hope will continue to be tempered with caution.

Pakistan,
August 1959.

CANADA

THE INS AND THE OUTS

THE second session of the present Federal Parliament of Canada, which, after lasting about six months, ended on July 18, was devoid of startling developments with important political consequences. The Diefenbaker Ministry, with its huge majority, was always in a dominating position in the House of Commons and the Liberal majority in the Senate showed an accommodating spirit towards most of its legislation and only in a few cases insisted upon amendments. In the second half of the session the revelation of a Gallup poll, which showed that the Ministry's percentage of popular support by falling from its peak of 64 per cent last autumn to 50 per cent had suffered a serious erosion, emboldened the parties in Opposition to more aggressive tactics; but, while they were able at intervals to drive the Government into awkward corners, their combined muster of first-rate debaters was usually inadequate for driving home their indictments of ministerial policies.

In order to accelerate prorogation, the Government lightened its quite extensive program of legislation by dropping both its projected Bill of Rights and a measure designed to amend the Combines' Investigation Act. The most important piece of new legislation passed was a Bill for the establishment of a National Energy Board, whose terms were a compromise between governmental control and regulation of the operations of oil gas and hydro-electric interests and reasonably free scope for private enterprise, and it was given qualified support by the Liberals, but denounced by the C.C.F. as a capitulation to "big business". The most controversial measure of the session was a Bill for enlarging both the benefits and the levies imposed on employers and workers under the system of unemployment insurance; it gave the Opposition opportunities for criticizing the Government's plans for coping with unemployment, which, although greatly diminished in the second quarter of the year, remains serious in certain areas. There was unanimous support from all parties for a Bill, which amended the Criminal Code for the purpose of getting rid of obscene literature, mostly imported from the United States, from Canadian newstands and bookshops and ordained a new definition of obscenity; and there was a larger than normal crop of useful amending measures, designed to modernize existing statutes.

Prime Minister Diefenbaker continued to rule his Cabinet and the rest of his following with a decidedly autocratic hand and, while he left the routine duties of leadership in the House of Commons largely in the hands of his deputy, Mr. Howard Green, he was always ready to make vigorous interventions in debates, when situations demanding the exercise of his high authority arose. There were, however, occasions when he conveyed the impression that he had not yet acquired a proper conception of the responsibilities and functions of a Prime Minister, and there is a curious contrast between his industrious energy as a propagandist of his ideas and plans and his vacillations and procrastinations over decisions about practical policies and

appointments to important posts. For example he has not nominated any of the substantial list of new parliamentary secretaries—the Canadian equivalents of British under-secretaries—for whose appointment the authority of Parliament has been secured; he has left the Tariff Board, whose admirable chairman, Mr. Hector Mckinnon, retired last March, without any adequate personnel for many months; and he has kept half a dozen vacant seats in the Senate unfilled.

He let months elapse after the death of Dr. Sidney Smith before he decided to fill the vacant Secretaryship for External Affairs by transferring to it from the Ministry of Public works his most trusted lieutenant, Mr. Howard Green. Having entered the House of Commons in 1935, Mr. Green is now one of its veterans, and, while he has never reached the first rank as a parliamentarian, he was, when his party was in Opposition, one of its most consistent spokesmen, and, since he became deputy-leader of the House of Commons in 1957, has earned the goodwill of his political opponents by his habitual courtesy and fairmindedness. Critics of his appointment say that he has never manifested much serious interest in international affairs and find other disabilities for his new post in his persistent refusal to travel abroad, since he served with great credit in World War I, and his alleged distaste for the society of foreigners; but they admit that he will be an efficient administrator of his department. He may, however, prove less disposed than his predecessor, Dr. Smith, to maintain for Canada the pattern of international policy prescribed for Liberal Ministries by Mr. Lester Pearson, which seemed always to place more faith in international organizations like the U.N. and N.A.T.O. than in the British Commonwealth of Nations. Mr. Green, on the other hand, as an old-fashioned Canadian Tory, has always been a staunch believer in the value for Canada of the closest possible relations with Britain and the other partners in the Commonwealth, and, at the time of the crisis over the Suez canal, he used bitter language to denounce the St. Laurent Ministry's condemnation of the invasion of Egypt as a disgraceful betrayal of Britain. So, while his initial review in Parliament of the international situation indicated a liberal outlook upon its problems and an anxiety to find solutions for them through international agencies, there will probably be under his régime greater emphasis than in recent years upon close co-operation with Britain and other members of the Commonwealth.

Of the other Ministers by far the most industrious was Mr. Fleming, the Minister of Finance, who carried the heaviest burden. Having shed a testiness of manner which always irritated the Opposition, he showed considerable skill in fending off persistent attacks by hostile critics, who had available abundant ammunition for them in the figures of budgetary deficits for the past and present fiscal years and the severe slump in the market value of Dominion bonds. Mr. Fulton, who is credited with the best intellectual equipment in the Cabinet, has fulfilled expectations that he would be an excellent Minister of Justice, and his informed knowledge of the rules and procedures of the House of Commons has often been invaluable to the Government. Colonel Harkness has proved a competent Minister of Agriculture, but no member of the Cabinet has enhanced his reputation in his

first two years in office so much as Mr. Hees, the Minister of Transport. He has developed into a capable parliamentarian and a good administrator, who takes pains with his homework and makes the best use of the abilities of his subordinate officials. He is now obviously destined for more important posts. But the quality of the Cabinet is not uniform and it contains some notoriously weak members. No member is more generally popular than a gallant old soldier, General Pearkes, V.C., who is Minister of National Defence, but even many of his political associates agree that his management of Canada's program of defense has been marred by vacillation and muddled thinking and has involved it in greater subordination to the policy of the United States; and his skill as an administrator of his department leaves much to be desired. But perhaps the most serious weakness of the Diefenbaker Cabinet lies in the poor calibre of its French-Canadian contingent. None of the four command any real authority with their racial compatriots and the sharp slump in the Government's popularity in Quebec, disclosed by the unfavorable Gallup poll, suggests that if it is to be reversed some new blood from that province will have to be introduced into the Cabinet.

Opposition Personalities

ON the benches of the Opposition, Mr. Pearson, having after a shaky start as its official leader found his feet and gained more confidence in his treatment of domestic problems, is now proving a match in debate for Mr. Diefenbaker or any other Minister, and there is considerable evidence that he has begun to win more favor with the voters. His most valuable ally has been Mr. Paul Martin, who has the best parliamentary style in the present House and is very ingenious and resourceful in debate. Another former Liberal Minister, Mr. Pickersgill, who revels in rough-and-tumble parliamentary strife, has been a persistent gadfly for Ministers, and Mr. Chevrier has been an effective exponent of French-Canadian views on the Liberal side.

Mr. Argue, the new leader of the C.C.F., has suffered by comparison with his predecessor, Mr. Coldwell, but, being a farmer with a university degree, he can now make competent speeches upon other than agricultural problems. He and his little band of seven followers have tried manfully to make vigorous loquacity atone for their numerical weakness. One of the most unfortunate features of the present Parliament is that from the huge infusion of new parliamentary blood, which the Progressive-Conservative Party secured from the elections of 1957 and 1958, no politician of conspicuous ability and very few of even moderate promise have emerged. There has been a similar dearth of able recruits to the Liberal ranks.

More work than usual was entrusted to committees of the House of Commons. Special interest attached to the proceedings of a committee was concerned with radio broadcasting and television. It was accentuated by the sudden resignation of some thirty producers of programs on the staff of the State-owned Canadian Broadcasting Corporation in protest against the sudden suppression of a program of political comment, which they attributed to clandestine political interference. This charge was investigated by the committee. A report signed by the Tory majority on the committee but not

concurred in by its Liberal and C.C.F. members, while it dispensed some praise for the work of the C.B.C., found that its administrative structure was weak and that there was confusion and gross extravagance in its operations. It called for a separation of the posts of President and Chairman of the Board of Directors, now both held by Mr. Alphonse Ouimet, who has been absent for several months owing to a serious illness. It also advocated a drastic reorganization of the management of the corporation from top to bottom and the establishment of an upper limit for the generous subsidy annually granted to it from the Federal Treasury. But the finding of the majority that there had been no political interference with the programs of the C.C.F. was not accepted by the minority, which represented the Opposition. Following the publication of the committee's report, the Government moved to end the present monopoly of the C.B.C. over T.V. in all the larger cities by inviting applications for licences for competitive private stations to be submitted to it before September 15.

Fear of Inflation

INFLATION and its potential effects upon the prosperity of Canada were the subject of an exhaustive investigation by the Finance Committee of the Senate. It was initiated by the Liberal majority in the Upper House and strongly opposed by the Tory minority under instructions from the Cabinet, who regarded it as unnecessary. At the hearings of the committee a long list of witnesses, bankers, government officials, economists and spokesmen of industrial, commercial and agricultural interests and of labor organizations, presented their views upon the problem and outlined their ideas for checking inflationary pressures. At the close of its sessions the committee with the concurrence of its Tory members produced a unanimous report, which endorsed the view expressed by the great majority of the witnesses that while there was no actual inflation in Canada at present, there was a widespread fear of inflation and added that "the greatest danger lies in the possibility that this fear by itself could produce the inflation which is feared". So the report exhorted governments at all levels to give positive proof in their day-to-day policies of a determination to avoid inflationary actions and demanded the exercise of restraint in the pressures of labor, industrial business and other groups. It also emphasized that there must be a similar restraint upon governmental expenditures and an avoidance of budgetary deficits, especially when their effects threatened to be inflationary.

The report asserted that the Napoleonic war, the American Civil War and the two World wars had been the prime causes of the rise in prices in the last 150 years. It found that there had been in Canada a decline of nearly 40 per cent in the real value of income and investments below the level prevailing in 1946, and that this post-war inflationary movement had produced disparities in its incidence, which had become the chief cause of concern about future prosperity. Another finding was that since 1946 wage-earners in Canada's manufacturing industries had enjoyed a rise of approximately 46 per cent in their real income and that this rise was approximately in line with the advance in productivity. But by contrast, while the net income of Canada's

farmers had risen, the increment had been completely offset by the rise in their costs of production and living and therefore the farming community had been denied its fair share of the substantial increase in the total national income. Other pronouncements of the report were that industries dependent upon export markets, had been hard hit by the rise in costs of production and that a large number of individuals, who were pensioners or *rentiers* living on fixed incomes, had suffered seriously from the sharp decline in the purchasing power of the Canadian dollar. The final conclusion of the committee was that the tools needed for the containment of inflation were available and what was necessary was the will and determination of the Canadian people and their governing authorities to use them.

A Royal Triumph

THE Canadian tour of Her Majesty Queen Elizabeth and the Duke of Edinburgh has been a complete success and a notable personal triumph for both of them. A program which was in many places too long and too exacting, but in which there were only a few hitches, mostly due to imperfect liaison between the Federal and provincial authorities, imposed a severe physical strain upon her Majesty and her entourage but she gave few signs of it and, surrendering herself to the wishes and demands of her Canadian people, accepted cheerfully the heavy burden of her long itinerary, which included the first visit of a British monarch to the remote Yukon territory. In her public utterances her sentiments and the style of their delivery have been impeccable and in her other activities she has never put a foot wrong. Everywhere she has captivated the Canadian people by her personal charm and friendly ways and, while Canadian crowds are always less demonstrative than British crowds, there has been no question about the genuine warmth of the welcome that has been accorded to the Queen and her husband at every place they have visited. Her tour has also aroused enormous interest in the United States and, when she paid a visit to Chicago, a city to which a strong anti-British bias has often been ascribed, the tumultuous enthusiasm of her reception by its citizens was one of the unexpected and most agreeable episodes of the whole tour. The Queen will not bring back to Britain the usual quota of personal gifts, which other royal tours have produced, because with her approval the Federal Government of Canada and most of the provincial governments have decided to commemorate her visit by voting substantial funds associated with her name, which will be devoted to purposes beneficial to the Canadian people.

An interesting editorial comment on the value of the royal tour has been made by the *Toronto Globe and Mail*, which declares that perhaps its chief benefit was its reminder to the Canadian people of their association with the Commonwealth. "Canadians", it said, "do not stand alone, they belong to a great family of nations, which Her Majesty represents and heads." This paper also argues that the failure of the American people to appreciate sufficiently the Commonwealth's tremendous strength and flexibility, and its potentialities for promoting peace, progress and prosperity, reflects the failure of Canadians themselves to appreciate the value of the Commonwealth. So it

discerns a happy augury for the future in the Canadian people's affectionate appreciation of "the dedicated young woman", who heads the Commonwealth. It proceeds to end its editorial with this exhortation.

But recognition and applause are not enough, gifts and affirmations of loyalty are not enough. The most useful tribute that Canadians can pay to the head of the Commonwealth is to understand the Commonwealth and the great advantages which it confers upon Canada: to believe in the Commonwealth and speak up for it, wherever they go. Let them bring to its great and generous concept some small measure of their Queen's dedication.

The *Globe and Mail*, however, demands that there should be no repetition of such "gruelling tours" with their "endless handshakings" and ceremonial functions and suggests that the Queen's future visits to Canada should take the form of spells of residence in one locality, long enough to give her time and opportunities to become well acquainted with its people and their activities and interests.

The New Governor General

BEFORE she left Canada her Majesty gave her approval to the appointment of a distinguished French-Canadian, Major-General George Vanier, as Governor General of Canada. It is generally regarded as a happy solution of the problem posed for Prime Minister Diefenbaker by the impending retirement of Mr. Vincent Massey, the first native-born Governor General. The selection of another Canadian of British stock was ruled out and the alternatives were a return to the traditional practice of importing Governors General from Britain, an elder statesman from some other partner in the Commonwealth or a French-Canadian. A revival of importation from Britain would have encountered opposition and if, as is rumored, Prime Minister Menzies of Australia ever had the post offered to him, it had no appeal to such an active-minded politician. So the choice of a French-Canadian became inevitable and range for it was limited. Mr. Louis St. Laurent, as a former Prime Minister and the most eminent living French-Canadian, had obviously the first claim on the post, but the rôle of a constitutional figurehead had no attraction for him and there were fatal flaws in the qualifications of other prominent French-Canadians, whose names were mentioned in connexion with it, with the exception of Major-General Vanier, whose only handicap was his rather fragile health. He had followed up his splendid record as a soldier in World War I with a highly successful career in Canada's diplomatic service, which he crowned by serving as Ambassador to France. He has a very attractive personality, and a charming wife of British stock; he is free from racist prejudice and has many friends outside his own race. Accordingly his appointment has received almost unanimous commendation from the Canadian press and public.

Provincial Elections

THREE recent provincial elections have thrown some illumination upon the trends of political sentiment in Canada. In Manitoba, Premier Duff Roblin, whose Progressive-Conservative Ministry had governed precariously

for a year without a majority in the legislature, appealed successfully to the voters for the mandate of a clear majority; the gains of his party were mostly achieved at the expense of the Liberals, for the C.C.F. only lost one seat and increased its popular vote. In Ontario the Progressive-Conservative Ministry of Premier Frost was returned to power with a very comfortable, but reduced majority and, while the Liberals doubled their representation in the legislature, the C.C.F. made no headway. In Alberta the high personal prestige of Premier Manning was a large factor in his Social Credit Party's surprising sweep of all but two of the 65 seats in the provincial legislature and he has thus confounded predictions that it was headed for early extinction.

Towards the close of the session the Government made an abortive attempt to patch up a peace with Premier Smallwood of Newfoundland and his Ministry. It passed legislation which authorized a continuance of special "transition" subsidies at the rate of 8 million dollars per annum until 1962 and included in the Bill a promise that, when the statutory payments expired, the special needs of Newfoundland would receive sympathetic consideration. But this undertaking completely failed to pacify Mr. Smallwood, who denounced the Diefenbaker Ministry's treatment of Newfoundland as a violation of the bargain, under which the island entered Confederation, and argued that there should be no time limit to the special grants. His stand is supported by two Progressive-Conservative members of Newfoundland's Legislature, who have resigned from their party and announced their intention to organize a new party, to be called the Newfoundland Party.

Canada,
August 1959.

SOUTH AFRICA

DR. VERWOERD'S SESSION

THE first full session of Parliament under the leadership of Dr. Verwoerd has left South Africa feeling a little dazed. Parliament was prorogued a few weeks ago after one of the longest and most strenuous sessions on record and with the addition to the Statute Book of some of the most controversial legislation in our history. Apart from the merits of the Bills that were dealt with, the impression that has been left is of haste in what seems to have been an attempt to offer the full *apartheid* programme in one burst.

The scope of the programme and the haste with which it was bundled through Parliament emphasized Dr. Verwoerd's impatience with the more staid parliamentary procedures. Dr. Malan in his attempts to circumvent the entrenched clauses of the Constitution was driven to some curious legislative extremes, but he always maintained a strict regard for the forms and ceremonies of parliamentary procedure. Even Mr. Strijdom, who had to double the size of the Senate before he could segregate the Coloured voter, was essentially a parliamentarian—as could be expected from a man who had sat in Parliament for nearly thirty years before he became Prime Minister. Dr. Verwoerd is certainly not a parliamentarian in the same sense. His total parliamentary experience covers only about ten years and most of that was in the Senate, to which he came as a government nominee in 1948. He was in the Assembly as a directly elected member for only a few months before becoming Prime Minister.

Dr. Verwoerd has often made speeches declaring his democratic enthusiasms and asserting his respect for Parliament, but his parliamentary deeds this session did not corroborate those sentiments. His most startling action was new to the parliamentary system, at least as that system is operated in Commonwealth countries. This was a sort of omnibus or multiple-bladed guillotine, an instrument which certainly accelerated the parliamentary pace. The guillotine has long been familiar in South Africa, but the conditions in which it is imposed have been firmly fixed by custom. The preliminary debates on a contentious measure have usually been given a free rein and have usually been brought to an end by an all-night sitting. After this demonstration that Opposition seemed to be going almost to obstructive lengths, a timetable has been fixed for the remaining stages of the measure concerned.

Dr. Verwoerd's procedure was much more direct and brutal than this. About two-thirds of the way through the session he produced a single timetable which fixed the debating time for all stages of four contentious measures, most of which had not even been debated when the guillotine was passed. Thus the Bill to abolish the Natives' Representatives and the Bill setting up separate universities for non-Whites were allowed a total of less than forty hours each for all stages, and the Fort Hare Bill (which had reached com-

mittee stage) and a Bill increasing the powers for the reservation of jobs on a racial basis, were allowed very much less. The time allowed proved quite inadequate. In the committee stages of the Bantustan Bill and the Universities Bill, only three or four of the forty-odd clauses in each measure were debated. When the time limit was up, the remaining clauses were put one after the other, with pauses only when the Minister wished to move a last-minute amendment, which was inserted without discussion or even explanation.

This hasty handling of contentious legislation seemed to extend to its drafting as well as to its passage through Parliament. For more than the first half of the session only one or two Bills of comparatively minor importance were available to be dealt with and there was frequent evidence that the Leader of the House had not been given sufficient material to make up a full Order Paper. The four contentious Bills which were rushed through in the last third of the session seemed to have been hammered out hastily while Parliament was more or less wasting time on minor matters. In the speech in which Mr. Japie Basson explained why he had been expelled from the Nationalist caucus it was revealed that a motion by him to oppose the clause expelling the Natives' M.P.s had been on the caucus agenda for two months and had never been discussed. In fact, there was no discussion at all in the Nationalist caucus of the Abolition Bill and the impression was left that its introduction was so hasty that there was no time even to place it properly before the caucus.

All the Opposition groups opposed the contentious Bills with the utmost vigour, but there was an air of unreality about the proceedings. The general debates found the Government and the Opposition starkly divided on principle; the detailed discussion in committee became farcical; and after the passage of the allotted number of hours the measures duly passed.

Academic Liberty Attacked

EVEN during the debates, protests from universities all over the world poured in on South Africa against the proposal to exclude non-White students from the so-called "open" universities and to set up a number of separate segregated institutions for Coloured people and for the various Bantu tribes. But the Government was unmoved. A number of important representatives of the Afrikaans universities gave evidence to the Select Committee and, although they were Afrikaners and Nationalists, they opposed the principle of interfering with the right of a university to choose its students and criticized the establishment of universities which would virtually be part of a department of state and under the direct control of the politicians. This evidence of dissatisfaction among the intellectuals of the Nationalist Party had no parliamentary effect and the Bill passed with 100 of the 103 Nationalists voting for it (one Nationalist was out of the country, one seat was vacant and the third Nationalist absentee was the Speaker).

Much the same happened with the Bill to put an end to the Fort Hare University College. Fort Hare is a remarkable example in South Africa of

segregated higher education for non-Whites, and as a constituent college of Rhodes University it achieved a high reputation. In terms of the Bill it practically ceases to exist—it becomes a tribal college for the Xhosa people, and a part of the Bantu Affairs Department; its name will disappear and what is left will probably be moved to the Transkei. Seldom in parliamentary affairs have members expressed themselves so bitterly as did some of the Opposition over what they felt was wanton destruction. Dr. Verwoerd's haste was most clearly demonstrated over the Fort Hare Bill. As a hybrid Bill (about £1,000,000 has been contributed by private donors to the building up of Fort Hare) the Bill had to go to a Select Committee, which heard a mass of evidence. Most of this evidence was violently opposed to the destruction of the institution. But the Bill enacting that destruction was passed in a matter of hours, in the last week of the session, and only a few days after the appearance of the Select Committee's report running to some 400 pages.

The so-called 'Bantustan Bill' contains little of real substance except the clause (never debated in committee) which puts an end to the existence of three members of the House of Assembly, four Senators and two members of the Cape Provincial Council, who since 1936 have represented the Natives on a communal roll. This Bill embodies Dr. Verwoerd's so-called "new vision" and envisages, in very general terms, the coming into being of eight Native "States". These "States" are only vaguely defined geographically and the actual powers which they will enjoy are extremely limited—minor legislative functions with complete control retained by the Minister and rudimentary legislative institutions headed by chiefs and headmen and made up of councillors, all of whom remain in office only as long as they retain the confidence of the Minister. For the rest, the "new vision" is founded on statements by Dr. Verwoerd and others that these local authorities will advance "in time", "as the Bantu develops responsibility", &c. Whether these States are intended to develop to independence, even in theory, is a little doubtful. Dr. Eiselen, the permanent head of the Bantu Affairs Department, said categorically last year that full independence would *never* be achieved. Dr. Verwoerd has modified this by saying that full independence is "possible".

The Opposition condemned the measure utterly. If it was intended merely as a device to divide the Bantu people into separate and therefore weak groups and to keep them without any real say in their affairs, it was a fraud. If these States were given or took a measure of real independence, it would mean the break-up of the Union and the ringing of the White areas with hostile Black States which would have the support of a Black "fifth-column" within the White areas. And in any event, whatever the measure of political self-expression given to the Bantu by the Bill, it was unreal because it totally ignored the aspirations of the Bantu outside the present reserves. For every African in the reserves there are two in the White man's towns and on the White man's farms; the White man could not exist without their labour; and they could not return to the reserves even if they wished to do so.

Job Reservation

THE fourth of the contentious quartet—the Job Reservation Bill—was pushed through against the united protests of commerce, industry and a good proportion of organized labour. The principle of job reservation was adopted four years ago when the Minister was given power to declare certain classes of work reserved to workers of a particular race—in practice, the reservation of skilled work to White people. The original Act contained a few safeguards, such as the need for a recommendation by an Industrial Tribunal and the exclusion of reservation from industries where an industrial agreement is in force. The amending Bill removes all restrictions on the exercise of the Minister's powers. He may now declare any work anywhere to be closed to any class of person. Any given order can be modified as the Minister thinks fit by the issue of exemptions. These orders and exemptions are subject to no appeal. A start has been made in Johannesburg with a prohibition against Africans operating lifts and it is expected that shortly many sections of the clothing industry in the Cape will be closed to skilled Coloured workers. Allied with this is the imminent prohibition of the conveyance of White passengers by Coloured taxi-drivers in the Cape.

Less contentious than these four measures but also strongly opposed was a Bill to decimalize the South African coinage. In a year or two the familiar pound, shilling and penny will disappear and their place will be taken by a unit called a "rand" which will be equal to the present ten shillings and this will be divided into 100 cents. The objection to the proposal was that there was no real need for it except an urge to be different and that this was no time to spend the £20 million or £30 million which it will probably cost. Earlier in the session a small Bill was passed which set up a Bantu Industrial Corporation, designed to increase industrial activities in the new Bantustans. The Government's good intentions were generally welcomed but their sincerity doubted, because only £500,000 is being provided for the Corporation and European capital is being expressly excluded from any part in the development of the reserves.

Some disagreeable evidence of racialism of a type which has not been experienced for some years made its appearance. Thus the retort to the Opposition's attack on the university Bills was that the "open" universities were desired merely to produce "Black Englishmen" and the Opposition was accused of wanting to exploit the Native vote against the Afrikaner. A few Nationalists found it necessary to attack Jews as a class.

About the only legislative item on what many South Africans will regard as the credit side was the bill brought forward by Mr. Swart, the Minister of Justice, to bring about far-reaching and enlightened reforms of prisons and an attempt to prevent the wholesale gaoling of Africans for pass and other minor offences. Also noticeable and welcomed was the conciliatory attitude of Nationalist spokesmen towards the Cape Coloured community. The Minister in charge of this community went out of his way to be friendly and to make promises but, not unexpectedly in the light of "Group Areas" and job reservation, these overtures were received coldly by the four members who now represent the Coloured people on a communal roll.

A Rebel in the Ranks

ALTHOUGH there has been evidence of Nationalist dissatisfaction, particularly in intellectual circles, and much gossip in the lobbies, Dr. Verwoerd emerged from the session with all his radical legislation safely on the Statute Book and with his ranks unbroken, except for Mr. Japie Basson.

It is too early to assess fully the significance of this young Nationalist from South West Africa. He is a politician of real ability and for a number of years now has been discreetly disagreeing with his party on such matters as university freedom, democratic theory and the need for better diplomatic relations with the rest of the world, particularly Africa. His disagreement came to a climax when he flatly refused to accept the expulsion of the Natives' representatives. He felt with the United Party opposition that this was a breach of faith; and that it was unwise and unfair to deprive the Natives of direct representation in Parliament until such time as it was shown that the Bantustans of Dr. Verwoerd's vision were in fact an adequate substitute. Mr. Basson was promptly expelled from the Nationalist caucus, took his seat in the Assembly as an independent, and made a telling attack on Dr. Verwoerd's tendencies to dictatorial direction of the affairs of the party and of the country.

In terms of the Nationalist Party's arrangements the expulsion of an unruly member from the party is a matter for the head-committee in the province concerned. It was thought to be a foregone conclusion that the head-committee of South West Africa would follow the caucus in getting rid of Mr. Basson and the Chief Whip of the Nationalist Party travelled to South West to prosecute on behalf of the party leadership. The committee debated for two full days behind closed doors and then, to the astonishment of everybody and particularly of the Nationalists, refused to expel Mr. Basson. A resolution was produced which gives Mr. Basson until the end of October to find some way of reconciling his differences with the party. If he fails to do so, expulsion will presumably be considered again. Mr. Basson departed shortly afterwards for a trip to Europe without giving any sign that he proposes to withdraw any of his criticisms.

The expulsion from the caucus of one member and the refusal of one party committee to toe the party line do not by themselves mean much, although in assessing their significance allowance must be made for the fact that the Nationalist Party is an unusually tightly-knit and well-disciplined political organization. It is perhaps significant that Dr. Dönges has obviously and skilfully avoided committing himself in any way on the Basson case.

A more detailed review of the Universities Bill and the "Bantustan" Bill will appear in subsequent issues.

South Africa,
August 1959.

AUSTRALIA

FEDERAL-STATE FINANCIAL RELATIONS

IN every federation vital questions arise concerning the extent to which the member States have adequate tax revenues, the extent to which they are dependent on federal grants and the extent to which federal grants should be designed to assist the financially weaker States at the expense of the financially stronger. The question that arises therefore is how far legal and political independence can be reconciled with financial dependence. Australians have had this problem with them in one form or another since the beginning of federation, but it has become increasingly acute in recent years.

Before the War each State levied its own income tax and received only a limited number of specific-purpose grants from the Commonwealth. However, the Commonwealth Grants Commission existed to recommend special grants, in aid of the general revenues of the three smaller States (South Australia, Western Australia and Tasmania), and the Loan Council existed to co-ordinate borrowing programmes by joint Commonwealth-State action. The situation is now radically changed. As a result of the introduction of uniform income tax during the War, the States have been deprived of their major source of tax revenue, and every State has now become dependent on Commonwealth grants for about two-thirds of its current ordinary revenue (including net, but not gross, receipts of government business undertakings). The States have also had to depend largely on Commonwealth support for their large post-war borrowing programmes. Both the limited amount of Commonwealth assistance and its allocation among the States have come under increasingly heavy criticism.

In their policy speeches before the general election last November, both the Prime Minister and the Leader of the Opposition referred to the question of Federal-State finance, and the Prime Minister undertook to call a special Premiers' Conference if the Government were returned to office. In the event, a series of conferences has been held. In February the Commonwealth summoned a conference of State representatives and other interested parties to discuss the future of road finance. In March a special Premiers' Conference was called, at which the Commonwealth submitted a new plan for road grants to the States and invited State Premiers to discuss the general problem of Federal-State finance, including the uniform-tax system. In June a further Premiers' Conference was held in the normal way in conjunction with the Loan Council meeting, and on this occasion the Commonwealth proposed and the Premiers accepted a new system of federal grants.

The Uniform Income Tax System

THE major component in Commonwealth payments to the States has hitherto been the income-tax reimbursement grant, which amounted to £175 million in 1958-59.* This grant began with the introduction of the uniform income-tax system in 1942, and is payable to the States on

* In this article all money items are expressed in Australian pounds.

condition that they do not levy their own income taxes.* The total reimbursement grant has been determined each year by a formula under which a base figure is increased according to the increase in population and average wages throughout Australia.

In fact, the grant yielded by the formula has had to be added to each year by a supplementary reimbursement grant, which in 1958-59 amounted to an extra £30 million. The States have regularly claimed, probably with some justice, that the formula grant is too small for their needs. On the other hand, they appear to have found it easier, both politically and administratively, to demand and obtain extra financial assistance from the Commonwealth than to raise extra revenue from the limited and somewhat inflexible tax fields that are still open to them, such as stamp duties, land taxation and the like.

For the last few years both the reimbursement grant and the supplementary grant have been allocated among the States according to a second formula which measures their "adjusted population", i.e. actual population adjusted for sparsity of settlement and proportion of school children. The effect of this formula has been to transfer substantial sums collected in the wealthier States to the poorer States. In particular, Victoria has "lost" about £7 million per annum in this way and Queensland has "gained" about £7 million. This has introduced an element of discord among the States, and on more than one occasion has enabled the Commonwealth to fob off demands for reform by blandly inviting the States to agree among themselves.

The uniform-tax system was introduced originally as a war-time measure, but its legality was upheld by the High Court and it was then continued after the war on a permanent basis. Soon after the present Liberal-Country Party coalition assumed office in 1949 serious consideration was given to the possibility of the Commonwealth's withdrawing from the income-tax field to the extent necessary to permit the States to levy their own income taxes. A number of formidable technical difficulties were, however, encountered and there appeared to be a general reluctance to return to seven different assessment acts and seven different tax schedules, particularly for company tax. However, the major difficulty was political, and became obvious as soon as it was realized that the abandonment of the uniform-tax system would have serious financial consequences for Queensland. This could hardly fail to have electoral repercussions, particularly on the vital Senate vote. For a while consideration was given to the possibility of paying an annual compensation grant to Queensland, but this proposal did not find favour with the other States and was not proceeded with.

Resentment against the uniform-tax system, however, continued to grow in Victoria, particularly as that State found increasing difficulty in balancing its budgets. From being the State with the lowest *per caput* expenditure on social services ten years ago, Victoria has now become the State with next highest after Western Australia and Tasmania (where administrative costs are necessarily high because of small and sparse population). Since Victoria also

* This condition is imposed under section 96 of the Constitution, according to which "the Parliament may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit".

has the highest *per caput* level of personal income, the State Government has naturally cast longing eyes on the extra revenue that it might obtain if the Commonwealth were to withdraw from part of the income-tax field.

Agreement between the Commonwealth and the States being apparently incapable of attainment, Victoria, in conjunction with New South Wales, again challenged the validity of the uniform-tax system in the High Court. In August 1957 the Court held invalid a provision forbidding the collection of a State income tax while Commonwealth income tax was outstanding, but upheld the vital requirement that a State must refrain from imposing its own income tax as a condition for receiving a Commonwealth reimbursement grant. In the words of the Prime Minister this left the position "in substance exactly as it was before the litigation began".

At the special Premiers' Conference last March Victoria and New South Wales returned to the attack. Both proposed schemes under which each State should be allowed to levy and retain its own income tax within the framework of a common system of assessment and collection. These schemes were unacceptable to the other States, however, since they would have permitted the wealthier States to impose lower tax rates (or alternatively to raise a higher *per caput* tax revenue) than the poorer States. Attention was therefore diverted to the possibility of amending the system of tax reimbursement grants, and the Commonwealth was left to prepare proposals for submission to the Premiers at their next meeting in June.

Commonwealth Grants Commission

IN addition to tax-reimbursement and supplementary grants, the three States with the smallest populations (South Australia, Western Australia and Tasmania) have regularly received special grants on the recommendation of the Commonwealth Grants Commission. This was established as a body independent of the Commonwealth Treasury, to which the Government of the day could refer applications for special grants under section 96 of the Constitution. The Commission can only consider applications thus referred to it and cannot, therefore, take the initiative in recommending grants. It reports direct to the Governor General, and its recommendations have always been accepted by the Government. For 1958-59 the Commission recommended special grants amounting to £20,750,000.

The above three States have become known as "claimant States" to distinguish them from New South Wales, Victoria and Queensland which, until last year, had never applied for special grants. In his 1958 Budget speech, however, the Queensland Treasurer announced that his State was submitting an application to the Commonwealth for a special grant, in the evident expectation that it would be referred to the Commonwealth Grants Commission. The Victorian Government immediately submitted a similar claim. To have referred both applications to the Commonwealth Grants Commission would have left New South Wales as the only non-claimant State. Faced with this prospect, the Prime Minister refrained from any action on either application pending the outcome of the proposed conferences with the States.

It will clarify the position to explain briefly the Commission's procedure.

Its recommendations are based on a *per caput* comparison of the budget result of each claimant State with the average budget result of the non-claimant States. The whole basis of these comparisons would be upset if there were five claimant States and only one non-claimant State. But it was certainly never envisaged at the outset that the same three States would continue year after year to be dependent on the recommendations of the Commission for a large proportion of their annual revenue. Both the Commonwealth Treasury and the Commission itself have indicated their uneasiness at this situation.

Victoria's budgetary position is serious enough, but its application for a special grant was probably a tactical move designed deliberately to bring the whole situation to a head. Queensland's difficulties are of a different order. Income per head is relatively low, and the State has not shared in the post-war expansion of population to the same extent as other States. Until last year, however, it was able to avoid any serious budgetary difficulties by drawing upon war-time surpluses accumulated largely from railway earnings when the State was a base for allied operations in the South-West Pacific. These accumulated surpluses are now practically exhausted and large budget deficits have begun to appear—an embarrassing position for any government, and particularly for the Liberal-Country Party coalition which came into office in 1957 for the first time in nearly thirty years.

Queensland's position in some respects compares unfavourably with that of South Australia, which received a special grant of £5¼ million in 1958-59, despite an era of rapid industrial development, a high rate of population growth and good prices for its agricultural products. South Australia's position as a claimant State has thus appeared somewhat anomalous, but it is easily forgotten that the State's population is still nearly 40 per cent less than Queensland's and that it is deficient in natural resources. Industrial development creates additional demands for State services, and does not necessarily and immediately strengthen a State's budgetary position, particularly when it is precluded from levying its own income tax.

Road Expenditure

IN Australia, with its long distances and its rapidly expanding population, the need for increased expenditure on roads has become at least as urgent as in other parts of the world. The responsibility for road construction and maintenance rests with the States and their local authorities. The States are precluded from financing their road works by the imposition of sales taxes (which the Courts interpret as excise duties) on motor fuel, but they do levy registration fees on motor vehicles, drivers' licence fees and transport regulation fees. In recent years the Courts have declared invalid various forms of State taxation on inter-state road hauliers, and three States have therefore resorted to ton-mile taxes, levied on all road transport and designed ostensibly to cover damage to the roads by wear-and-tear.

Since 1923 State road expenditure out of motor-tax proceeds has been supplemented by annual Commonwealth grants for road works, and from 1931 until the present year these grants have been equivalent to the proceeds of specified rates of customs and excise duties on petroleum. From 1956 to

1959 the specified rate was 8*d.* per gallon on both imported and locally refined petrol. The grant yielded in this way in 1958-59 was £34 million, to which a further £3 million was added after the imposition of a duty of 1*s.* per gallon on diesel fuel. However, since the Commonwealth customs duty on imported petroleum was 13*d.* per gallon and the excise duty on locally refined petrol 11½*d.* per gallon, there was a persistent agitation for the payment of the whole proceeds of these taxes to the States for road purposes.

Almost from the outset, the Commonwealth road grants were allocated among the States on the basis of two-fifths according to area and three-fifths according to population, with the exception that Tasmania received 5 per cent of the total. This formula naturally favoured the States with large areas such as Western Australia and Queensland, at the expense of the smaller and more populous States such as Victoria and New South Wales. Feeling against this method of allocation has been particularly strong in Victoria, which has claimed that its motorists are contributing about £19 million per annum in petrol taxes whereas it receives less than £7 million by way of the Commonwealth road grant.

The existing legislation being due to expire in June 1959, the Commonwealth, after preliminary discussions with interested parties at the February Conference, announced new proposals at the Premiers' Conference in March. Over the next five years, the Commonwealth will make available a basic sum of £250 million, rising from £40 million in 1959-60 to £48 million in 1963-64. However, this sum is no longer to be related directly to petrol tax collections. It is claimed that this will give greater certainty to the grants, but on the other hand the grants may well be less than they would have been if they had continued on the old basis and petrol consumption had continued to rise as in recent years. The Commonwealth's primary purpose in severing the link between road grants and petrol tax is no doubt to forestall further pressure to increase the grants until they absorb the whole proceeds of the tax.

A second important change is that the formula for allocating the annual grant among the States has been altered so that, except in the case of Tasmania, one-third will be allocated according to area, one-third according to population, and one-third according to motor vehicles registered. Motor registration has been introduced as a new factor, but in effect it does not differ greatly from the population factor. The increased total grant has made it possible to avoid reducing the actual payment to any State, and the Commonwealth has undertaken to ensure that even Western Australia does not receive less under the new formula than it did under the old. It will simply mark time, while increased payments are made to Victoria and New South Wales. Even so neither of these States expressed itself as satisfied.

A third and more dubious innovation in the new roads plan is the introduction of a matching provision. This does not apply to the basic grants, but to a supplementary grant of £30 million for the five-year period, rising from £2 million in the first year to £10 million in the fifth year. This supplementary grant will be available for allocation among the States on the same formula as the basic grant, but the actual payment to any State must be

matched by an equal amount from the State's own resources over and above the road expenditure which the State was thus meeting in 1958-59.

There has been an increasing tendency in recent years for the Commonwealth to attach matching conditions to its grants. Other examples are the grants for universities, and for capital expenditure on mental institutions. Matching grants are extensively used in the United States, but it may be doubted how far they are appropriate in Australia where the States derive such a very large proportion of their revenue from Commonwealth sources. The requirement that the States should increase their own expenditure on roads or any other service is likely to create a situation in which the Commonwealth has eventually to meet the State share of such increased expenditure as well as its own.

Public Borrowing

IN Australia it was the general practice before the war to finance public works other than roads by borrowing. In 1927, following a constitutional amendment, the Loan Council was set up to co-ordinate the borrowing programmes of the State governments and that of the Commonwealth with respect to civil (but not defence) works. The members of the Council are the Premiers of the States and the Prime Minister of the Commonwealth, but the latter has two votes and a casting vote. Loan Council programmes are implemented by the issue of Commonwealth securities and the States are thereby enabled to borrow on the credit of the Commonwealth. State semi-governmental and local authorities continue to issue their own securities, but under the so-called "gentlemen's agreement" of 1936 their programmes are also submitted to the Loan Council for approval.

Although in theory the Commonwealth position on the Loan Council is that of *primus inter pares*, it has in fact become very much more. Since the end of the war, the Commonwealth's budgetary position has been so strong that, unlike the States, it has had no need to borrow for civil purposes and has been able to finance its public works, including the Snowy River project, out of revenue to the tune of about £80 million per annum. Apart from Commonwealth borrowing to finance housing advances to the States, the Loan Council programmes have thus been confined to loans for State purposes.

Nor is this all. In each year since 1951-52, public subscriptions have been insufficient to fill the Loan Council's programme and the gap has been filled by the Commonwealth, again principally out of revenue. Some additional hard currency loans have been obtained from the International Bank and other oversea sources, but there has been practically no other *public* borrowing oversea in the post-war period, which contrasts markedly in this respect with earlier periods in Australian history, such as the 1920's.

The position of the Commonwealth Government has thus changed from that of being one borrower among several to that of being the major lender. At the Premiers' Conference last March the Commonwealth was inclined to take much credit to itself for its generosity in thus supplementing State loan programmes and obviating the need to reduce them to the level set by public loan subscriptions. It is able to adopt this role only because it has mono-

polized the income-tax field, and the level of public loan subscriptions might well be higher if Commonwealth income-tax rates were lower.

Another complaint of the States is that from 1952-53 until 1957-58 inclusive the Commonwealth froze the Loan Council programme at under £200 million per annum, despite rising costs and the increasing demand for schools, hospitals and other State public works on account of population growth. On several occasions the States have outvoted the Commonwealth on the Loan Council and secured a nominal increase in the programme, but in the final outcome the Commonwealth has itself determined the rate at which it makes advances in support of the loan programme. It can also influence the loan market indirectly through its control of the Commonwealth Bank and other mechanisms.

A further complaint of the States is that they are required to pay interest on loan funds provided by the Commonwealth out of revenue, that is, from taxation levied on the people of Australia. It does not follow, however, that any real burden is imposed on the States since the Commonwealth ultimately has to provide them with the means to meet the interest charges by making higher annual grants than would otherwise be necessary. From the Commonwealth point of view, however, the system is not so absurd as it sounds, since those parts of its annual grants to the States which return to the Commonwealth in the form of interest and sinking fund payments become available for the reduction of the Commonwealth debt.

This brings us to what is perhaps the major complaint of the States, which is that the Commonwealth has used its control of tax resources to reduce its indebtedness, while allowing that of the States to increase. The position has been aggravated for the States by the increase in interest rates in recent years, consequent largely upon the activities of hire-purchase companies. In the last ten years State debt charges have more than doubled, and are now approaching the formidable total of £100 million per annum. This is creating an increasingly serious budgetary problem for all State Treasurers.

None of these problems was resolved at the June meeting of the Loan Council except that the Commonwealth did finally agree to raise the State loan programme to £220 million for 1959-60, as compared with £210 million for the previous year. The Commonwealth's original proposal was for only £215 million whereas the States asked for £270 million. In addition, the Council approved a programme of £100 million for semi-governmental and local authority loans, but there is no Commonwealth support for this type of loan.

The New Financial Assistance Grants

AT the Premiers' Conference in June the Commonwealth proposed radical changes in the system of Commonwealth grants, which after some skilful manoeuvring and some concessions it induced the States to accept. Both the Prime Minister and the Premier of Victoria were absent and were represented by their deputies, but it is impossible to say whether the outcome would have been any different if they had been present.

The main features of the new scheme are as follows:

1. Financial assistance grants will henceforth replace the old formula reimbursement grants, the supplementary reimbursement grants, and also (except for marginal amounts in Western Australia and Tasmania) the special grants. The careful avoidance of any reference to "tax reimbursement" in the new proposals is significant as indicating a final denial by the Commonwealth of any State rights in the income-tax field.

2. Each State will have a basic financial assistance grant in 1959-60 derived from the amounts actually paid under the pre-existing grants in 1958-59. The 1958-59 amounts have, however, been adjusted upwards by over £7 million for New South Wales, by £6 million for Victoria, by £4½ million for Queensland and by £3½ million for South Australia, though these sums represent increases of only about £2 million each over what the four States would have been entitled to anyway under the old system. In the case of Western Australia and Tasmania, the actual 1958-59 grants have been adjusted downwards by about £2 million and £1 million respectively, but these amounts will be more than made up by special grants to be recommended by the Grants Commission. The total cost of the new scheme to the Commonwealth, over and above what it would have had to provide under the old, may not be much more than £10 million.

3. Only Western Australia and Tasmania will now receive special grants regularly. The amount which South Australia received by way of special grant in 1958-59 is now included in its basic grant and the State has undertaken not to apply for special grants again except in circumstances which are variously described as "special", "unexpected" or "exceptional". Queensland has given a similar undertaking. On the other hand, Victoria and New South Wales are now presumably precluded from applying for special grants under any circumstances.

By the above arrangements the Commonwealth has introduced into its own direct grants a large element of differential assistance to the smaller States. From the Commonwealth Treasury's point of view this may have the advantage that such assistance is now "frozen" and therefore predictable for budgetary purposes, and from the political point of view it has the advantage of removing the apparent standing invitation to the States to apply for special grants in an endeavour to break out of the financial straight-jacket into which, as it appears to many observers, the Commonwealth tries to fit them.

On the other hand these administrative and political advantages have been gained at the cost of paying South Australia as much, and more, than she received by way of special grant, and also paying it henceforth as a matter of right, with no questions asked and no public investigation into the State's accounts. How long this will prove acceptable to the other States remains to be seen. On the one hand, Queensland is entitled to ask why she cannot receive as large a *per caput* grant as South Australia, and on similar terms.*

* On a *per caput* basis, the financial assistance grants are equivalent to £22.14 for New South Wales, £21.64 for Victoria, £25.11 for Queensland, £30.21 for South Australia, £35.33 for Western Australia and £31.85 for Tasmania.

On the other hand, Western Australia and Tasmania are entitled to ask why they should be subject to Grants Commission investigations when South Australia is not. If differential *per caput* grants are to be paid to the States, there is a strong case for basing the differentials either on some objective formula, or on public investigations into State accounts and standards of administration.

4. In future years each State's basic financial assistance grant will be increased by the same percentage as its growth of population, and by 1.1 times the percentage increase in average wages for Australia as a whole. The aggregate assistance provided by the Commonwealth will henceforth be simply the sum of the grants to each State, and will not, as hitherto, be determined before the allocation among the States.

The effectiveness of these adjustments in measuring changes in the needs of the States will depend, first, on the accuracy of the Commonwealth Statistician's inter-censal estimates of the population of the various States. Unfortunately there is no adequate means of checking population movements by road, and Queensland maintains that its population is persistently underestimated. Secondly, the effectiveness of the proposed wage adjustment in measuring increased costs is open to doubt. If wages increase by 5 per cent in a year, State grants will now increase by 5.5 per cent in the following year, but it is doubtful whether this will fully compensate for the lag of revenues behind costs which the States inevitably experience in any period of inflationary pressure. Moreover, since this adjustment is based on wage movements in Australia as a whole, its benefit will be greatest in the States where wages rise relatively slowly, and least in the States where wages rise most.

5. The new arrangements are to apply for six years. In view of past experience, it seems somewhat optimistic to expect any scheme of Federal-State finance to last unchanged for so long a period, but the Commonwealth is clearly anxious to break away even for a few years from the system of annual bargaining sessions with the State Premiers. Whether it will succeed will obviously depend on the degree of stability achieved in wages and costs, and also on the absence of marked changes adversely affecting the finances of particular States. A major source of instability which is not covered by the new arrangements is the increasing burden of debt charges on the budgets of all the States.

Australia,
August 1959.

NEW ZEALAND

A SUBSTANTIAL RECOVERY

THE volume of exports has been maintained during the current season and during the past six months there has been some improvement in the prices received for most of our products. As a result, receipts from exports over the six months from December 1958 to May 1959 were just under £14 million better than for the corresponding period a year ago. This has helped to bolster up the level of overseas reserves which, at the end of June had reached £100 million. It must not be forgotten, however, that £44.7 million of this was due to borrowing.

The other main factor leading to the improved level of overseas reserves had been the reduced level of import payments. Over the same six months' period, private import payments have been running at an annual rate of £193 million compared with £251 million in the previous year. Recently there has been some relaxation of import controls, following the improvement in overseas market conditions, but nevertheless it is expected that for 1959 they will be considerably more effective than in 1958. Taking into account relaxations announced up to early June, the level of private imports for 1959 is estimated at £230 million.

There has been a slowing down of trade within the country, the main reason for which has been the influence of the Government's last budget, which has turned out to be the most disinflationary budget the country has had for many years. Substantially increased rates of taxation imposed in the budget, combined with the effect of reduced income for a large section of the primary producing community through the drop in the prices paid to dairy farmers and reduced realizations for wool, were responsible for this reduction in the level of retail trade.

The release of the public accounts for the year ended March 31, 1959 has shown details of certain items of government revenue and expenditure in the first full financial year since the Labour Government was returned to the Treasury benches in November 1957. As compared with a budgeted surplus in the main working accounts of just under £7 million the Government has declared an actual surplus of £16.3 million. However, this figure has been arrived at without taking into account transfers to outside accounts amounting to £14 million, or allowing for the fact that a sum of £5 million, set aside for the dairy industry, has not been taken up.

The Budget for 1959-60

TAXPAYERS who had expected that the improved overseas produce prices would result in a lifting of the additional heavy imposts placed on beer, spirits and tobacco in the 1958 budget were disappointed. This can be understood, when it is apparent that the Government's expenditure is to rise considerably during the next financial year. Its policy of increased family benefits and additional payment for universal superannuation requires the

provision of an extra £14 million, added to which are substantial increases on defence, health, education and other items. Its total expenditure may be about £30 million greater than in the previous financial year.

The Government has, apparently, taken the cautious attitude that it is unsafe to rely on a continuance of present prices and has confined taxation relief to the income-tax sector, but in such a way that it operates only in the second half of the financial year and is limited to a total amount of £30 for an individual taxpayer. Minor amendments were made also in estate duty where the value of the widow's succession, free of duty, was increased from £6,000 to £7,500. Apart from this, the budget promised additional income-tax relief next year, but with a revision of taxation tables which will again limit substantial relief to those whose incomes are not much in excess of £1,000 a year.

The greatest single item in the budget is the social security vote of £104.8 million; if the health and public hospitals votes are added, this sector of the welfare state's expenditure takes no less than £131.3 million out of a total estimated expenditure of £317.3 million.

Fair Trading Internationally in Dairy Produce

AS the world's highest *per caput* exporter of primary products, New Zealand is vitally concerned to see fair trading conditions maintained in the United Kingdom. It was natural, therefore, when the home subsidy schemes of various European countries led to the dumping of substantial quantities of butter on the United Kingdom market in 1957 and 1958, that New Zealand's voice should be raised, loudly, in protest. Taking advantage of the 1957 British Anti-dumping Act, New Zealand applied for anti-dumping action to be taken against certain European countries which had been selling butter in the United Kingdom at prices much below those charged in their home markets. In May 1958 the British Government found that New Zealand had suffered material damage and requested Sweden, Finland and Ireland to reduce the quantities shipped. At the same time, notification was given to Poland that the quantity allowable under her export licence would be substantially reduced, and Belgium was refused a licence on the ground that the Belgian people were paying nearly three times as much for their butter as the price then ruling on the United Kingdom market.

Though the British Government decision did not go so far as New Zealand had sought, it set in motion a change in international outlook which has greatly benefited this country. In the battle for a fresh approach to the whole question of international trade in butter in particular, but in primary produce generally, New Zealand has been in the forefront. Her voice has been raised in a number of international conferences, and a changing outlook on these questions is arising in Europe.

The policy of countries maintaining high prices for butter, and exporting surpluses to the United Kingdom to be sold at whatever they would bring, was fully debated at the last conference of the International Federation of Agricultural Producers. This non-governmental conference, representative

of the producers in practically all countries of the world, other than Communist states, decided that countries should encourage consumption of milk and milk products among their own people. The decisions were further discussed at meetings of the Organization of the European Economic Community (O.E.E.C.) and at the Food and Agricultural Organization (F.A.O.) of the United Nations, at both of which they passed into the orbits of the governments concerned.

The butter surpluses in Europe arise principally for two reasons. The various countries want their people to have ample supplies of liquid milk; the governments concerned wish to maintain the stability of farmers' incomes and over-generous subsidies lead to surpluses which are manufactured into butter. Rather than encourage consumption by making this butter available at reasonable prices internally, countries have tended to sell milk fairly cheaply, but charge high prices for butter.

New Zealand is opposed in principle to dumping, which stimulates production and decreases consumption, leaving an international exportable surplus in its wake. If such a system is allowed to continue an international solution is well-nigh impossible. The country concerned, through high prices, reduces consumption of the product and encourages cheaper substitutes. At the same time, its dumped surpluses flood the few remaining free markets till they, in turn, are forced to impose restrictions. It is essential, therefore, that countries that can produce primary products only on a high cost basis should seek some other form of price support for their farmers. The deficiency payments system is the fairest, because it allows the domestic price to run at a competitive level and makes it necessary for governments to provide direct assistance for farmers.

Rather surprisingly, great changes have come about during the past twelve months, giving rise to the hope that, within the next few years, a solution may be found to the dumping of primary produce which has been a world-wide problem ever since the depression of the 'thirties.

A New Zealand dairy delegation, which visited Sweden and Finland recently, and which, subsequently, had discussions with leaders of Dutch dairy interests, found that initially there had been annoyance at the imposition of restrictions by the United Kingdom Government. Subsequently, a better understanding resulted of the importance of dairying to New Zealand's economy. Since then the three countries had all taken steps to make butter more cheaply available to their own people. The present improved state of the butter market largely results from this change.

New Zealand has not been content to let the matter rest there. A Canadian price support system that had led to over-production of milk powder, which was subsequently dumped at very low prices, was vigorously attacked. Recently, Canada announced an alteration in her dairy price support scheme which, by assisting the dairy farmers, but allowing dairy produce to be sold at reasonable prices within Canada, should largely overcome the position there. Australia remains as the only other Commonwealth country now selling dairy produce on the export market at prices well below those ruling in Australia. The New Zealand Government has been asked to take up this

question strongly with the Australian Government in the hope that the latter will agree to change her farm subsidy scheme to a deficiency payments system, similar to that obtaining in the United Kingdom.

Given a solution of the Australian position the only major remaining offender would be the United States. Unfortunately, her surplus stocks of dairy produce have hung like a menacing cloud over the world's dairy markets for years. Many expressions of good intent concerning their disposal have been made. In the main, care has been exercised in their sale, but periodically the pressure of surplus stocks becomes too great and sales are made at give-away prices, in markets that have been slowly developed by the genuine dairy exporting countries. Dairy production costs in the United States make it impossible for her to compete fairly on world markets. An announcement that in future her surplus dairy products would be utilized within her own borders would confer a very real benefit on those countries which, like New Zealand, largely depend on dairy exports maintaining their living standards. With her back to the wall last year, when disastrously low butter prices ruled in the United Kingdom, New Zealand fought hard for recognition of the principle that a country whose dairying efficiency allowed her to produce at low cost was entitled to protection against countries that were prepared to sell export dairy produce at prices much below those at which the same produce was sold to local consumers.

No Subsidies for the Dairy Industry

FACED with the need to keep itself clear of any charge of being subsidized, the New Zealand dairy industry has agreed with the Government that the "guaranteed" price scheme, in fact, is simply an equalization scheme. Brought into operation in 1936 by New Zealand's first Labour Government, the "guaranteed" price scheme was supposed to be the answer to the ups and downs of the overseas market. For the future, the New Zealand dairy farmer was to be protected by a price which fully covered his costs of production. Twenty years of steadily rising overseas butter and cheese prices made the dream appear reality. Though there were periodical arguments between the Government and the industry during those years, overseas prices rose slightly more than internal costs. A price that covered the dairy farmer's costs was paid out and a £28 million reserve accumulated. In the last three years the whole of that reserve disappeared and by November 1958 there was a deficit of £7.3 million in the dairy industry account, since reduced to £5.9 million.

Over the last two seasons the "guaranteed" price, which is fixed in advance to cover a production year that begins on August 1, has been cut by over 15 per cent. Today's price of 32d. per lb. butterfat for butter is over 6d. a pound below the statistical "cost of production" figure on which the price had been based previously. What had happened, meanwhile, to the protection against overseas price falls that the New Zealand dairy farmer was supposed to have had?

Most dairy industry leaders had always maintained that, in a country dependent on its exports, a guaranteed price scheme must be based in the

long run almost entirely on oversea realizations. Time has proved the correctness of their view. The New Zealand Government, pointing out that this country could be successfully accused of dumping dairy produce if the dairy farmer was subsidized, has cut the price drastically, to bring it back into line with realizations. The industry has been told—and has accepted—that any government assistance is temporary and is by way of repayable loan on which interest must be paid.

Meanwhile, for 23 years, the economy of both the dairy industry and of the country has benefited from the stability engendered by a price fixed at the opening of the season. What is to happen in future? The question is under discussion at present between the industry and the Government, but may not be decided for some time. It seems likely that the idea of the price fixed at the start of a season will be retained but that this will be fixed on a conservative basis, having regard to oversea market prospects. If, at the end of the season, there was a substantial surplus over and above the price paid out, part might go to the dairy farmers as a supplementary payment, and part to rebuilding a dairy industry reserve account. If, on the other hand, there should be a deficit in any year and the industry's own reserves were not sufficient to offset it, a temporary loan could be advanced by the Government. In that event the price fixed at the start of the following season would probably be reduced. In this way a self-balancing scheme, free of any subsidy implications, would be carried into effect.

Forthcoming Industrial Development

BASED on the returns from primary industries, New Zealand's economy has always been particularly susceptible to the vagaries of oversea demand for meat, wool and dairy produce. Her growing secondary industries, in the main, process and finish partly manufactured goods, or rely on the importation of raw materials. Following on the import controls reimposed last year because of balance-of-payments difficulties, there has been some expansion, due principally to further development of existing local industries. Some English manufacturers are also protecting their existing New Zealand interests by opening factories here.

Some recent developments are, therefore, of more than ordinary importance. Several million pounds are currently being spent in a search for oil by combinations of the major oil companies, and recently, in Taranaki, the prospects appeared specially promising. Unfortunately the gas indications, when proved by boring to over 10,000 feet, proved to come from coal, not oil. Boring in other districts will be carried out and success would give a wonderful lift to our economy.

Recently the Government and the Shell organization announced that an oil refinery would be opened in New Zealand. It is estimated that the cost will approximate £20 million, of which 60 per cent will be found by the Shell organization and 40 per cent will be offered to New Zealand investors. The refinery, which should be operating in three years, will be capable of supplying more than 90 per cent of New Zealand's total petroleum requirements, including all motor spirits, diesel fuel, gas oil, fuel oil and bitumen.

Something around £3 million will be saved annually in oversea exchange once the plant is operating. It will work on enriched crude oil, which allows for the production of a very high proportion of motor spirits as required here, without burdensome production of other products. As New Zealand's total consumption of petroleum products would not allow for economic production in more than one refinery, arrangements will be made under which those oil companies marketing other brands will have access to all the major products of the refinery. In making the announcement about the refinery, the Prime Minister, Mr. Walter Nash, said:

This major leap forward in New Zealand economic and industrial growth is in line with Government policy of fostering new and economic industrial expansion, providing keystones for further development and saving overseas exchange by New Zealand manufacture, at comparable prices, of products that were previously imported.

The third industrial development brings closer the day when New Zealand may have an iron and steel industry of its own. Following on preliminary investigations, made by various interests, into the possibility of basing a New Zealand iron and steel industry on ironsands, the Government called a conference of interested companies and organizations towards the end of May. The Minister of Industries and Commerce, Mr. Holloway, told the sixty representatives present that the Government was not prepared, at the present stage, to give rights to any group or individual to develop the steel industry until the Government knew exactly what was involved in that right. The Government therefore proposed that the necessary investigations, estimated to cost between £200,000 and £250,000, should be carried out by a limited liability company in which the Government would hold 51 per cent of the shares. All interested parties and companies would be invited to participate and those that did so should receive priority if and when a company was formed to operate a steel industry. The Minister made it clear that the Government view was that, as there was a plentiful supply of iron and steel in the world, a New Zealand steel industry must be based on local consumption. An unsoundly based iron and steel industry could be a most damaging drain on New Zealand's economy and "Government participation in the investigations from start to finish was necessary to ensure that the industry was economically sound and in the best interests of New Zealand."

Recently also, it was announced that employment for 250 skilled workers would be available with the establishment in the near future of an aluminium fabricating industry. The Northern Aluminium Company of England will build a plant in New Zealand with an initial production capacity of 5,000 tons a year of aluminium sheet and foil products, and 2,000 tons a year of aluminium wire and cable for electrical transmission lines. An investment of £2 million will be needed to establish the factory and plant, which, when in production, will save New Zealand a substantial amount of foreign currency.

With a view to assisting in the further development of New Zealand industry, the Government announced recently that within the next two years

it would find sums of up to £11 million to bring to New Zealand equipment required by local manufacturers. In making the announcement, the Prime Minister said:

That doesn't mean a fund of £11 million has been set aside. £5 million will be found this financial year and about £5.5 million next financial year, so that over the next two years there will be money available to buy plant and some initial raw materials.

That has been done because it has been said that the people from overseas have been getting preference. Now this money is provided for our people in New Zealand. The £11 million has been worked out for specific capital industrial items and is in addition to import licences.

New Zealand,
August 1959.

*One of today's most
firmly favoured
investments*

DEFENCE BONDS

5%

U.K. Income Tax-free bonus of £3 per cent after 7 years.
If held for full period, worth £5.12.6 per cent (gross), when
income tax is paid at 7/9 in the pound.

NOTE Income tax is not deducted at source.

Maximum holding **£2,000**
(exclusive of holdings of previous issues)

Free details from Post Offices, Banks or through your Stockbroker

The Best Ever
DEFENCE BONDS

ISSUED BY THE NATIONAL SAVINGS COMMITTEE, LONDON, S.W.7.

PRINTED IN GREAT BRITAIN
AT THE UNIVERSITY PRESS, OXFORD
BY VIVIAN RIDLER
PRINTER TO THE UNIVERSITY

